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# China Report

ECONOMIC AFFAIRS



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CHINA REPORT  
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## NATIONAL POLICY AND ISSUES

### MANAGEMENT MODERNIZATION DEBATED AT NATIONAL SEMINAR

0x052159 Beijing XINHUA in English 1831 GMT 5 May 84

[Text] Hefei, 5 May (XINHUA)--How to transform China's current systems of administration, economic management, education and science to take up the challenge of the computer age is the central topic at a national seminar now in session in Hefei, capital of Anhui Province.

Speaking at the opening session today, Associate Professor Wen Yuankai called for "all-round systematic transformation" as part of the effort to achieve a modernization in a Chinese way.

Wen has instituted a new system in the Chinese Science and Technology University's chemistry faculty, of which he is head. Staff may now contract for research with other units and share the earnings with the faculty.

The "seminar on the relationship between the new technical revolution and China's system transformation" is being attended by 500 experts and officials from 25 provinces, municipalities and autonomous regions. Some have distinguished themselves for their success in trying out new approaches and work methods.

In the current Chinese terminology, the term "new technical revolution" means the widespread use of computers, which is revolutionizing production and other aspects of social life in developed countries.

Chinese leaders have repeatedly called on the nation to make this revolution in China as well.

Participants will also discuss past experiences in transformation and pinpoint problems and handicaps.

An organizer told XINHUA that more than 1,000 letters have been received from all over the country, extending congratulations and asking to send observers.

One party official attending the meeting helped pioneer the rural job responsibility system.

Chen Tingyuan is party secretary of Fengyang County, Anhui Province, which was the first to try out the new system of letting peasants farm collective land on a family basis and retain whatever is left after paying taxes and collective contributions.

Fengyang County used to be known as the "land of beggars" for its longstanding poverty. Under the new system, peasants are for the first time in centuries able to earn more than enough to feed and clothe themselves.

The seminar will end May 9.

CSO: 4020/123

## AGGREGATE ECONOMIC DATA

### COMMUNIQUE ON HEILONGJIANG 1983 DEVELOPMENT

SK140601 Harbin HEILONGJIANG RIBAO in Chinese 26 Apr 84 p 2

[ "Text" of the Communique on the Fulfillment of the 1983 Economic and Social Development Plan issued by the Heilongjiang Statistical Bureau on 23 April 1984 ]

[Text] With the guidance of the guidelines of the 12th National CPC Congress and under the leadership of the provincial CPC committee and government, the people throughout the province continued to implement the principle of readjusting, restructuring, consolidating, and improving the national economy, introduced in all rural areas the out-related contract responsibility system, worked hard to open a new situation in all fields of socialist modernization, and scored new achievements in economic and social development in 1983. The annual total product of society was 48.2 billion yuan, overfulfilling the annual plan by 4.1 percent and surpassing the 1982 figure by 8.9 percent. The total industrial and agricultural output value totaled 40.05 billion yuan, registering a 3.6-percent increase over the annual plan and a 10-percent increase over 1982. The national income reached 23.09 billion yuan, and the people's per capita income reached 701 yuan, increasing by 10.1 and 9.1 percent, respectively, over 1982. The output of 22 major products, including grain, raw coal, crude oil, rolled steel, machine tools, washing machines, and chemical pharmaceuticals, and the afforested acreage reached the targets set in the Sixth 5-Year Plan 2 years ahead of schedule. The urban and rural market was brisk, revenues and expenditures were balanced, and the people's living standards continued to rise along with the growth in production. Remarkable progress was made in the building of the spiritual civilization. The major problems in the economic development were: Some economic relations were not brought into better balance; there was no fundamental improvement in economic results; there were shortages in the supply of energy and certain raw materials; there was continued strain on railway transportation; and the retail prices of certain commodities, particularly vegetables, fruits and aquatic products, registered rather large increases.

The fulfillment of the economic and social development plan is as follows:

#### 1. Agriculture

Despite various natural adversities, such as sustained low temperatures, little sunshine, excessive rain, and waterlogging in the summer, there was a bumper harvest in 1983 thanks to the production responsibility system with household

output-related contracts as the major form, which is widely applied in rural areas, a series of measures aiming at increasing production, and good weather in the last part of the growing season. The annual agricultural output value was 11.2 billion yuan, an increase of 6.7 percent over the annual plan and 17 percent over 1982.

Among the total agricultural output value, the output value of farming (crop cultivation) was 8.012 billion yuan, 18.5 percent over 1982; that of forestry was 756 million yuan, 28.6 percent over 1982; that of animal husbandry was 1.366 billion yuan, 2.5-percent increase over 1982; that of sideline production was 1.007 billion yuan, 18.6 percent over 1982 (of which the output value of production-team-run industry was 707 million yuan, a 23.6-percent increase over 1982); and that of fisheries was 57 million yuan, a 32.6-percent increase over 1982. The output value of forestry, animal husbandry, sideline production, and fisheries totaled 3.186 billion yuan, a 13.3-percent increase over 1982.

The output of most farm products exceeded the previous best records, fulfilling or overfulfilling the annual targets. Total grain output was 30.98 billion jin, exceeding the annual target and the 1982 figure by 6.8 and 34.7 percent, respectively, and surpassing 1978's 29.55 billion jin, which was a record high, by 4.8 percent. The output of flax was 2.622 million dan, 9.3 percent more than the target and 120 percent more than 1982, and that of beets was 103.036 million dan, 28.8 percent more than as planned and 72.9 percent more than 1982. The output of oil-bearing seeds and tobacco declined because of planned reduction.

The output of major farm products is as follows:

	1983 Output	Percentage increase over 1982
Grain	30.98 billion jin	34.7
of which:		
Paddy rice	1.83 billion jin	28.9
Wheat	9.02 billion jin	62.2
Corn	9.27 billion jin	41.3
Soybeans	4.77 billion jin	- 8.4
Tubers	1.23 billion jin	41.0
Oil-bearing seeds	6.446 million dan	-28.4
Beets	103.036 million dan	72.9
Flax	2.622 million dan	120
Flue-cured tobacco	887,000 dan	-35.7

In 1983, the province as a whole afforested 6.44 million mu, and increase of 61.1 percent over the annual plan and a 61.3 percent increase over the previous year. Some 37.277 million trees were planted on fragmented lands, an increase of 31.9 percent over the previous year. Some 1.015 million mu of saplings were cultivated, an increase of 56.2 percent over the annual plan and an increase of 39.8 percent over the previous year. Some 2.073 million mu of land was reforested, some 31.5 percent above the plan and an increase of 11.6 percent over the previous year.

The year 1983 saw a good development in animal husbandry. The province had 1.139 million cattle, an increase of 15.6 percent over the previous year, overfulfilling the plan by 8.5 percent; and 174,000 dairy cattle, an increase of 27 percent over the previous year, overfulfilling the plan by 24.3 percent. The output of fresh eggs and milk increased by a large margin. The output of meats increased slightly. However, due to various reasons, the number of hogs and sheep in stock declined as compared with the previous year.

The output of major animal products and the number of livestock follow:

	<u>1983 Output</u>	<u>Percentage increase over 1982</u>
Output of pork, beef, and of which:	303,300 tons	1.3
Pork	285,900 tons	3.5
Beef	6,700 tons	-36.8
Mutton	10,700 tons	-13.7
Fresh eggs	3.919 dan	78.8
Milk	379,000 tons	22.3
Sheep wool and goat hair	25.472 million jin	-1.1
Large animals at year end	2.641 million head	4.2
of which:		
Draft animals	1.881 million head	11
Hogs in stock at year end	5.028 million head	-17.4
Sheep and goats in stock	3.166 million head	-17.1

There was continued growth in the output of aquatic products. The total output of aquatic products in 1983 was 43,000 tons, exceeding the state plan by 22.9 percent, and 22.9 percent more than in 1982. Of this, the output of agricultural products was 20,000 tons, 25 percent more than the previous year.

State farms improved their management. Some 581,000 staff members and workers implemented various forms of contract management responsibility system, accounting for 90.1 percent of the total number of staff members and workers of farms. State farms of the provincial farm administrative general bureau made a profit of 291 million yuan, an increase of 1.1 times over the previous year. Increases were made in the output of most major farm products.

The number of farm machines increased. Total power capacity of farm machines reached 11.722 million horsepower by the end of 1983, up 5.9 percent over 1982. The number of large and medium-sized tractors was 88,000, up 6 percent over the previous year. The number of small capacity and hand-guided tractors was 79,000, up 61.2 percent. The number of combined harvesters was 21,000, up 10.5 percent. The machine-plowed land accounted for 64.3 percent of the total area of arable land. The machine-sown land accounted for 49.5 percent of the total sowing acreage. The land harvested with machines accounted for 27.7 percent of the total farming area. The capacity of irrigation and drainage

equipment was 1.181 million horsepower, up 9.6 percent over the previous year. The total consumption of electricity in rural areas was 1.5 billion kilowatt-hours, a decrease of 2 percent. A total of 402,000 tons of chemical fertilizer (pure chemical fertilizer) was applied during the year, an increase of 12.3 percent. Of this, 168,000 tons are nitrogenous fertilizer, an increase of 4.3 percent, 112,000 tons are phosphate fertilizer, an increase of 1.8 percent, 6,000 tons are potash, a decline of 14.3 percent, and 116,000 tons are compound fertilizer, an increase of 45 percent. The average amount of pure fertilizer applied to each mu of farm land was 6.2 jin (the total amount was 16.5 jin with other materials added), up 10.7 percent over 1982.

Forecasts of disastrous weather in areas by the meteorological departments were fairly accurate and prompt. These departments played an active role in preventing and combatting disasters.

## 2. Industry

Facing up to rigid challenges, industrial enterprises strengthened overall consolidation, improved their quality and achieved a steady growth in production in 1983. The provincial industrial output value was 28.85 billion yuan, exceeding the 1982 figure by 7.5 percent, which was greater than the plan for "ensuring a 4-percent and striving for a 5-percent" growth. The net industrial output value was 11.05 billion yuan, an increase of 8.3 percent over 1982. The output plans for most industrial products were fulfilled or overfulfilled. Among the output plans for the 34 major industrial products covered by the plan, 57 [as published] or 67.9 percent, were fulfilled or overfulfilled. The output of 76, or 80 percent, out of the 95 major industrial products registered an increase over 1982.

Light industrial enterprises exerted great efforts to improve product quality and increase patterns and varieties. Their production rose every season. The annual light industrial output value was 9.59 billion yuan, 5.4 percent higher than in 1982. The output value of food industry, paper making industry and textiles rose by 5.6, 10.3 and 2.9 percent, respectively. Among the 37 major light industrial products covered by the plan, the production of 17, or 46 percent, was fulfilled or overfulfilled, and 21, or 60 percent, registered increases in production over 1982. Restrictions in production were imposed on products whose supply was larger than demand and on overstocked products.

After readjustment, heavy industry expanded service and began to develop normally. The annual heavy industrial output value was 19.26 billion yuan, 8.6 percent over 1982. The output value of metallurgical industry increased by 16.4 percent, power industry 8.5 percent, coal and coking industry 10.4 percent, petroleum industry 1.6 percent, chemical industry 16.4 percent, machinery industry 16.5 percent, building material industry 6.6 percent and forestry industry 5.4 percent. The output plans for 40, or 85.1 percent, out of the 47 major heavy industrial products covered by the plan were fulfilled or overfulfilled, and the output of 44 of them, or 93.6 percent, registered an increase over 1982. The output of important products, such as raw coal, crude oil, crude oil processing volume, electricity, steel and cement, reached all-time records.

The output of major light industrial products is as follows:

	<u>1983 Output</u>	<u>Percentage Increase Over 1982</u>
Cotton cloth	248,718 million meters	9.0
Woolen piece goods	2.69 million meters	24.8
Hab cloth	19,803 million meters	-5.1
Sugar	385,000 tons	-2.3
Dairy products	31,256 tons	19.6
White spirit	191,000 tons	18.7
Beer	229,000 tons	32.7
Cigarettes	302,000 boxes	-18.8
Machine made paper and paper board	359,000 tons	16.8
Alley les	240,000	-36.6
Sewing machines	25,000	-86.3
Wristwatches	301,000	-20.9
Television sets	75,000	0
Cassett recorders	77,000	90.4
Cameras	10,432	4.2
Washing machines	116,000	55.5
Detergents	13,402 tons	28.1
Light bulbs	27.357 million	12.8
Plastic products	36,000 tons	14.2
Chemical pharmaceuticals	1,790 tons	24.3

Output of major heavy industrial products follows:

	<u>1983 Output</u>	<u>Percentage Increase Over 1982</u>
Raw coal	50.47 million tons	10.5
Crude oil	52.35 million tons	0.8
Electricity	16.26 billion kWh	9.0
Pig iron	216,000 tons	46.3
Steel	642,000 tons	15.5
Rolled steel	557,000 tons	9.1
Aluminium products	38,000 tons	1.8
Sulphuric acid	135,000 tons	16.5
Caustic soda	37,000 tons	16.1
Synthetic ammonia	418,000 tons	5.7
Chemical fertilizer for agricultural use	328,000 tons	1.4
Chemical pesticide	1,472 tons	0
Power generating equip- ment	773,000 kw	40.1
Machine tools	2,166	62.1
Industrial boilers	4,159 evaporated volume-tons [zheng Fa Liang Dun 5544 4099 6852 0903]	6.4
Tractors	723	46.8
Walking tractors	8,818	2.1-fold
Trucks	5,496	45.5
Timber	16,449 million cubic meters	2.3
Cement	3,514 million tons	9.4
Plate glass	1,723 million standard cases	31.1
Outer rubber tires	977,000	41.1
Plastics	12,000 tons	7.2

The quality of industrial products was improved steadily. Ninety-three of the 102 quality indices for industrial products went up stably and the rate of products with stable and improved quality increased from 85.9 percent in 1982 to 91.2 percent. The province won 5 state gold medals and 17 state silver medals for quality products and 5 state silver medals for excellent foodstuffs. Ninety-eight products were appraised as quality ones and 24 articles for children's use were appraised as excellent ones by various ministries. A total of 423 products and 96 foodstuffs were named as the provincial quality ones. Nineteen industrial art products won the Baihua Reward. The achievements in this regard was a record high.

Economic results were further improved. Among the province's 13,250 industrial enterprises undertaking independent accounting, 11,597--87.3 percent--were run at a profit, and 1,681--12.7 percent--were run at a loss. The annual profit netted by profit-making enterprises reached 4.87 billion yuan and the annual deficit of money-losing enterprises totaled 360 million yuan. The accounts showed a favorable balance of 4.51 billion yuan. Including the 2.2 billion yuan of taxes delivered, a total of 6.71 billion yuan of profit was netted, an increase of 6.4 percent over the previous year. Production, marketing, the yielded profits, and the delivered profits of industrial enterprises covered by the local budget increased at a same pace. As calculated in terms of readjusted items, the total industrial output value increased by 11.6 percent over the previous year; marketing income reached 9.535 billion yuan, an increase of 7.1 percent; the yielded profits reached 63 million yuan, an increase of 28 percent; and the profits handed over to the state totaled 260 million yuan, an increase of 32.7 percent. The province achieved noticeable results in halting deficits. The annual deficit of money-losing enterprises was 207 million yuan, a drop of 25 percent. The rate of money-losing enterprises dropped from the previous year's 40.1 percent to 30.3 percent. Among the 111 consumption indices, 67 were lowered or equal to the previous year's level, accounting for 60.4 percent. Among the province's 182 enterprises which consumed over 10,000 tons of energy annually, the comprehensive energy consumption for each 10,000 yuan of output value dropped from the previous year's 12.4 tons of standard coal to 11.9 tons, a drop of 4 percent. The per capita productivity of state industrial enterprises was 10,918 yuan, an increase of 4.4 percent over the 1982 figure. However, the poor economic result of industrial enterprises covered by the local budget was not thoroughly changed.

## 2. Investment in Fixed Assets

Total investment in fixed assets of state-owned units in the province came to 6.168 billion yuan in 1983, an increase of 978 million yuan or a 20.7 percent increase over the previous year. Of this, the investment in capital construction was 3.472 billion yuan, an increase of 410 million yuan or a 13-percent increase over 1982, and that in updating and upgrading equipment was 2.696 billion yuan (including fees for maintaining oilfields and mines and for developing the forestry industry), an increase of 568 million yuan or 26.7 percent over the previous year.

Of the total investment in capital construction, that came from the central authorities for projects under their direct control was 2.521 billion yuan, an increase of 23 percent over 1982. Investment by funds raised by

localities was 951 million yuan, a decline of 8 percent. The investment in projects covered by the state budget was 1.48 billion yuan, up 53 percent over the preceding year. The investment in projects not covered by the state budget was 1.992 billion yuan, down 5.1 percent.

Of the investment in updating and upgrading equipment, 1.753 billion yuan came from the central authorities, up 27.2 percent; 643 million yuan from the localities, up 2.56 percent; 185 million yuan from the state, up 50.7 percent; 450 million yuan from domestic loans, up 21.7 percent; and 2.038 billion yuan from self-raised funds, up 27.3 percent.

Of the total investment in fixed assets, 4.534 billion yuan was for productive projects, up 29.7 percent; 1.634 billion yuan was for non-productive projects, down 3.6 percent. In the construction of productive projects, we stressed the development of energy and transportation facilities. Investment in the coal, petroleum, and electric power departments increased 12.2 percent, 17.2 percent, and 35.2 percent respectively over the previous year. Investment in the transportation and posts and telecommunications departments rose by 31.7 percent.

Some 2,791 capital construction projects were initiated in 1983, of which 1,909 were completed and went into production. The rate of projects completed and went into operation was 68.4 percent, up 25 percent over the previous year. Some 2,309 innovation and transformation projects were initiated, of which 1,411 were completed and went into operation. The rate of projects completed and went into operation was 61.1 percent, up 10.2 percent. The newly added fixed assets in the whole province was 4.481 billion yuan, up 9.6 percent over 1982. The rate of availability of such assets reached 72.7 percent, a decline of 6.1 percent. The total floor space of housing completed was 8.346 million square meters, up 6.3 percent over the previous year. Of this, 66.3 percent was residential houses, up 3.8 percent over 1982.

The added production capacity from investment in fixed assets consisted mainly of facilities for producing 722,000 tons of coal, 1.6 million tons of petroleum, and a power capacity of 283,900 kilowatts, for lumbering and transporting 235,000 cubic meters of timber, producing 251,900 tons of cement, 89,240 cotton spindles, processing 92,000 tons of vegetable oil, producing an annual output of 89,000 tons of machine-made sugar (daily handling capacity of 4,700 tons of beets), 34,000 tons of machine-made papers, and 60,000 tons of synthetic ammonia. Also added were 39.6 km of double tracking of railway lines, 759 km of highways, and a reservoir capacity of 40 million cubic meters. The newly added seats for students included 3,648 for colleges, 67,543 for secondary schools, and 92,596 for primary schools.

Construction enterprises achieved better economic results. Per capita productivity of construction and installation enterprises of the province's construction industrial departments was 6,284 yuan, 6.9 percent more than in 1982. These enterprises realized 46.77 million yuan of profit, 16.8 percent more than in 1982. The percentage of quality projects was 64.7 percent, 12.6 percent higher than in 1982. In 1983, the province's construction

departments had 125 projects named as quality projects. Of which, 1 won state silver prize, 43 were named as class A quality projects of the province and 84 were named as class B quality projects of the province. Ten kinds of reinforced concrete prefabricated components were named as quality products.

The 1983 capital construction was characterized by the fact that key construction projects covered by the state budget were strengthened and that self-raised funds and domestic loans not covered by the state budget were brought under control. However, investment in fixed assets was rather large and the problem of ill-considered and duplicate construction needed to be solved further.

#### 4. Transport, Posts and Telecommunications

Despite shortages of transport facilities, communications and transportation departments strengthened overall enterprise consolidation and tapped transportation potential in 1983. The gross volume of goods transport was 178.98 million tons, 2.9 percent more than the plan and 2.9 percent more than 1982. Of this, the volume of railway freight was 102.72 million tons, 3.4 percent over the plan and 5.2 percent over 1982; that of road freight was 31.18 million tons, 0.7 percent over the plan and a drop of 3.3 percent from 1982; that of inland waterway cargo was 3.47 million tons, 28.5 percent over the plan and 16.8 percent over 1982; that of air freight was 1,136 tons, 26.2 percent over the plan and 16.6 percent over 1982; and that of oil carried through pipelines was 41.61 million tons, 1.5 percent over the plan and 1.3 percent over 1982.

The gross volume of passenger transport was 187.5 million persons, registering a 10.8-percent increase over the plan and a 7.6-percent increase over 1982. Of this, the volume of railway passengers was 112.05 million persons, 7.8 percent over the plan and 6.8 percent over 1982; that of road passengers was 74.11 million persons, 15.2 percent over the plan and 8.3 percent over 1982; that of inland waterway passengers was 3.1 million persons, 51.1 percent over the plan and 146.1 percent over 1982; and that of air passengers was 38,000 persons, 79 percent of the plan and a decline of 24 percent from 1982.

Transactions of posts and telecommunications throughout the province was 90.37 million yuan, increasing by 2.7 percent over the plan and by 6.6 percent over 1982. Letters handled totaled 11.35 million yuan, up 3.8 percent; newspapers and magazines distributed totaled 6.87 million yuan, up 6.6 percent; telegrams totaled 7.57 million yuan, up 11.7 percent; and long distance telephone calls totaled 17.22 million yuan, up 7.4 percent. The number of telephone subscribers in urban areas was 84,061, up 11.5 percent.

The economic results improved. The per capita productivity of railway transport enterprises was 373,000 tons-kilometers, showing an increase of 7.2 percent over 1982. The average daily volume of freight transport was 655,000 tons-km, 0.9 percent over 1982. These enterprises realized 260 million yuan of profits, increasing by 25 percent as compared with 1982. The per capita productivity of waterway transport enterprises was 274,000 tons-km, 28.6 percent

more than 1982, and their annual profits were 6.83 million yuan, 2 times greater than in 1982. The per capita productivity and profits of road transport enterprises declined from 1982. Postal and telecommunications enterprises made a profit of 14.63 million yuan, 27.6 percent greater than in 1982.

The present railway transport capacity and posts and telecommunications capacity still fail to meet the needs in the economic development, and the pressure on transport has not been relieved fundamentally.

## 5. Commerce in the Province

Along with the continuous growth of industrial production and rapid development of rural commodity production and under a situation of marked increase in purchasing power of social commodities, channels for commodity circulation are becoming more and more smooth day by day and urban and rural markets are brisk and flourishing.

In 1983, the total value of commodities purchased by commercial departments reached 10.82 billion yuan, up 5.4 percent over 1982. Of this, purchases of agricultural and sideline products was 3.38 billion yuan, up 14.5 percent over the previous year, and purchases of grain was 12.29 billion jin, an increase of 71.1 percent over 1982. Purchases of industrial products was 4.16 billion yuan, a decline of 3.5 percent over 1982. The total value of commodities imported from other places was 4.1 billion yuan, a decline of 4.1 percent over the previous year. In 1983, the total value of retail sales of social commodities reached 12.04 billion yuan, an increase of 7.1 percent over 1982. Of this, the retail sales of consumer goods reached 10.8 billion yuan, an increase of 7.9 percent, (of this, 9.33 billion yuan of consumer goods were sold to residents, an increase of 7.1 percent over 1982 and 1.47 billion yuan of consumer goods were sold to social organizations, an increase of 12.9 percent over 1982). The total retail sales of means of agricultural production was 1.24 billion yuan, an increase of 0.6 percent over 1982. Various factors of commercial enterprises competitively developed. Of the total retail sales of social commodities, the retail sales of state-owned commercial enterprises and catering trades reached 8.45 billion yuan, up 4.3 percent over 1982. The retail sales of collectively owned commercial enterprises and catering trades reached 1.79 billion yuan, an increase of 9.8 percent over 1982. Those of individually owned commercial enterprises and catering trades were 520 million yuan, an increase of 120 percent over the previous year.

The volume of retail sales of most principal consumer goods increased over the previous year. The retail sales of edible vegetable oil reached 283 million jin, an increase of 6.3 percent over 1982. Those of pork reached 3,792,400 head, an increase of 5.6 percent over 1982. Those of eggs reached 865,200 dan, an increase of 38.7 percent over 1982. Those of cigarettes reached 381,000 boxes, an increase of 9 percent over 1982. Those of wool fabric reached 9,837,300 meters, an increase of 9.8 percent. Those of chemical fibre cloths reached 25,447,700 meters, an increase of 63.8 percent over 1982. Those of bicycles reached 916,300, an increase of 17.8 percent. Those of television sets reached

426,500, an increase of 18.1 percent. The retail sales of cotton cloth reached 182,846,000 meters, a decline of 20.1 percent over 1982. Those of watches reached 877,000, a decline of 25.1 percent. Those of sewing machines reached 276,000, a decline of 18.7 percent. Those of sugar were 145,000 tons, a decline of 12.4 percent. Those of aquatic products reached 79,000 tons, a decline of 6.8 percent.

Market prices were basically stable with some rises in 1983. The annual general price level of retail sales rose 2.2 percent over the previous year. Retail prices rose 1.6 percent in rural areas and 2.3 percent in cities. Of the price index of retail sales of consumer goods, food rose 2.1 percent, (fresh vegetables rose 8.5 percent, fresh fruits rose 10.7 percent, aquatic products rose 13.6 percent, cigarettes and wine reduced 2 percent), medicines rose 7.2 percent and educational and recreational articles dropped 1.4 percent. The price index of retail sales of means of agricultural production rose 2.3 percent. The price index for the cost of living of workers and staff members rose 2.5 percent. Of this, the retail price for daily consumer goods rose 2.3 percent and that of service items rose 5.2 percent.

Commercial enterprises improved economic results. The proportion of cost of commodity circulation of commercial enterprises was 8.7 percent, showing a decline of 0.5 percent as compared with 9.2 percent in 1982. The turnover period for working funds was 130 days, 5 days faster than 1982. Commercial enterprises turned losses, totaling 5.5 million yuan in 1982, to benefits, totaling 73.66 million yuan in 1983.

## 6. Foreign Trade, Tourism

In 1983, our foreign trade continued increasing. The total value of purchases of exports reached 2.234 billion yuan, overfulfilling the plan by 6.5 percent and showing an increase of 14.3 percent. The total value of imports and exports came to \$322.98 million, overfulfilling the plan by 56 percent and showing an increase of 62.7 percent over 1982. Of this, the total value of exports was \$273.21 million, overfulfilling the plan by 50 percent and showing an increase of 56.4 percent over the previous year. That of imports was \$49.77 million, an increase of 110 percent over the previous year. Our province established trade ties with 74 countries and regions in the world.

In 1983, a total of 18,689 foreigners, overseas Chinese, compatriots from Hong Kong and Macao came to our province on tours, visits and sightseeing, 41.1 percent more than the previous year. The foreign exchange income from these sources reached \$2.02 million, an increase of 6.9 percent over 1982.

## Finance and Banking

In 1983, our province achieved a balance between revenue and expenditure, with a slight surplus. According to initial statistics, the provincial revenue totaled 3.556 billion yuan, overfulfilling the annual budget by 6.7 percent. Of this, revenue of local financial organizations amounted to 1.803 billion yuan, 165 million yuan or 10.4 percent more than the budgeted figure as calculated in terms of comparable items, and an increase of 12.1 percent over the previous year.

The provincial financial expenditure was 3.221 billion yuan, 148 million yuan fewer than the budgeted figure, accounting for 95.6 percent of the budget and registering a 9.6 percent increase over the previous year. Adding the 299 million yuan which was reserved as special funds to be used in 1984 and as the surplus funds to develop the unit contract system, total expenditure reached 3.2 billion yuan. The accounts showed a favorable balance of 36 million yuan.

At the end of 1983, the provincial savings deposits increased by 7.9 percent over those at the beginning of 1983, and the remaining sum of loans increased by 12.1 percent. After balancing the cash receipts and payments, banks across the province put 1.077 billion yuan of currency into circulation, an increase of 562 million yuan over the previous year.

#### 8. Science, Technology, Education, Culture, Public Health, and Sports

New progress was made in provincial science and technology, education and culture, public health, and sports. In 1983 the number of major research results in science and technology came to 430. This included 2 inventions which reached the international level, 85 inventions which reached the national level, and 33 inventions which filled in the gaps in the provincial fields of science and technology. Five inventions received national awards. Seventy percent of research results in science and technology was put into use. According to statistics, the application of the 76 major research results in science and technology created 410 million yuan of more industrial output value. The ranks of scientists and technological workers were growing steadily. At the end of 1983, the number of scientists and technological workers reached 474,100, an increase of 24,300 people or 5.4 percent over the previous year. Of these, 335,600 people were natural scientific workers, an increase of 6.4 percent and accounting for 70.8 percent of the total; 138,500 people were social scientific workers, an increase of 3.1 percent and accounting for 292 percent.

Further development was made in educational undertakings. In 1983, there were 36 institutions of higher learning in the province, 5 more than in the previous year. These institutions enrolled 15,000 students in 1983, an increase of 22.6 percent over the previous year, and had a total enrollment of 45,300 students, an increase of 5 percent. The province's 94 secondary professional schools enrolled 20,000 students in 1983, an increase of 12.8 percent over 1982, and had a total enrollment of 46,700 students, an increase of 8.4 percent. The number of technical schools came to 230, 44 more than in 1982. These technical schools enrolled 20,900 students in 1983, an increase of 54.5 percent, and had a total enrollment of 43,000 students, an increase of 36.3 percent. The number of vocational schools serving agriculture came to 362, 65 more than in 1982. These schools enrolled 76,500 students in 1983, a decline of 11.1 percent, and had a total enrollment of 143,800 students, an increase of 2.9 percent over the previous year. The number of middle schools reached 2,987, 150 fewer than in 1982. These middle schools had a total enrollment of 2,071,300 students, an increase of 1.7 percent over 1982. The number of primary schools came to 18,887, 96 more than in 1982. These primary schools had a total enrollment of 4,682,800 students, a drop of 3.4 percent. The number of kindergartens reached 2,464, 108 fewer than in 1982. These kindergartens had a total enrollment of

439,500 children, an increase of 5.4 percent. Big headway was made in adult education. Adult higher education institutions (including colleges for workers and staff members, television and radio college courses, colleges for further study for teachers, independent correspondence courses, and the correspondence and evening schools sponsored by regular institutions of higher learning) enrolled 46,600 students in 1983, an increase of 19.3 percent over the previous year, and had a total enrollment of 93,300 students, an increase of 43 percent.

Cultural departments made vigorous contributions to the building of the spiritual civilization. In 1983, the province had 10,446 cinemas and other film projecting units, increasing by 2.1 percent over 1982. They gave a total of 1.595 million shows, down 20.7 percent from 1982. There were 122 performing art troupes, 0.8 percent over 1982, which gave 29,300 shows, 6.9 percent more than in 1982. The mass art centers, cultural centers and cultural stations totaled 235, increasing by 1 over 1982. One public library was built to make the total number 84. Museums totaled 8, 3 more than in 1982. Radio stations totaled 11. There were 73 radio transmitting and relay stations, 2 more than in 1982. The radio stations produced 17,058 hours of programs, 4,108 hours more than in 1982. People able to hear these programs reached 82 percent, 2 percent more than in 1982. The province had 290 television stations and television transmitting and relay stations, 71 more than in 1982. A total of 720 hours of television programs were produced, 355 hours more than in 1982. Sixty-five percent of the people were capable of viewing the programs, 4 percent more than in 1982. The province published 362.15 million copies of local newspapers, 20.89 million copies of magazines of all kinds and 170.53 million copies of books and pictures, increasing by 16.1, 3.9 and 4.8 percent, respectively, over those of 1982.

New achievements were scored in public health undertakings. Public health organs totaled 9,552 in 1983, 1 percent more than in 1982. The number of urban and rural hospital beds was 108,800, up 2.3 percent compared with 1982. The number of hospital beds per thousand people was 3.28, up 1.2 percent. Health workers totaled 150,000, up 3.2 percent. Of this, there were 55,800 doctors and 30,000 nurses, an increase of 1.4 and 2.6 percent, respectively, over 1982. The number of health workers per thousand people was 4.54, an increase of 2.3 percent. Maternity and child care was strengthened and new progress was made in family planning. The family planning rate was 79.03 percent, 8.93 percent greater than 1982. As many as 91.1 percent of one-child married couples received only-child certificates, registering an 8.4-percent increase over 1982.

Encouraging results were achieved in sports. The province held 1,292 sports events at and above the county level with 405,300 participants. Those who reached the "State Standards for Physical Training" were 1.437 million, 5.6 times greater than in 1982. Sportsmen broke 14 national records and 20 provincial records, and won 121 gold, 117 silver and 131 bronze medals, all registering increases over 1982.

## 9. Living Standards

The people's living standards continued to rise. Calculated at the end of 1983, the total number of the province's staff members and workers was 7.241 million, 318,000 or 4.6 percent more than in 1982. Of these, those of state units totaled 5.152 million, increasing by 113,000 or 2.3 percent over 1982, and those

of urban collective units totaled 2.119 million, increasing by 205,000 or 10.7 percent. In addition, urban self-employed workers numbered 147,000, increasing by 66,000 or 81.5 percent. Among the province's 462,000 job-awaiting people, 293,000 or 63.4 percent, had their jobs arranged.

Because of the increase in the number of staff members and workers and wage raises for some of them, the annual wage bill was 6.183 billion yuan, 6.2 percent greater than in 1982. The wage bill of state units was 4.703 billion yuan, up 4.2 percent, and that of collective units was 1.48 billion yuan, up 13.2 percent. Staff members and workers' annual monetary income was 369 yuan per capita, up 1.6 percent.

Job safety improved. The deaths of workers and staff members on duty dropped 1.2 percent from 1982 and serious injuries dropped 28.5 percent.

In 1983, the state invested 832 million yuan in building residential houses, a decline of 7.5 percent from 1982. Some 429.6 million square meters of houses were completed, a decline of 9.7 percent. More than 100,000 households moved into new houses. Continued efforts were made to improve the housing conditions of citizens.

According to a sample survey on the incomes and expenditures of 1,150 staff families in 7 cities and 3 counties, the number of persons provided with jobs in each household rose from 1982's 2.23 persons to 2.25 persons in 1983, up 0.9 percent. The average number of persons supported by each employed person dropped from 1.95 to 1.88, a decline of 3.6 percent. The annual average per-capita income for living expenses was 474.65 yuan, an increase of 48.41 yuan or 11.4 percent over 1982. The average per-capita living expenses was 458.98 yuan, an increase of 54.1 yuan or 13.6 percent over the previous year. Deducting the rise in the prices of commodities, the real increase was 10.6 percent. The number of durable consumer goods owned by the people also markedly increased.

Thanks to the province's efforts to promote the family-based output reached contract responsibility system universally in the rural areas and to develop the commodity production vigorously, the income of peasants greatly increased. The annual per-capita net income of peasants was 370 yuan, up 119.5 yuan or 47.7 percent over 1982. Of this income, 345.4 yuan came from production business activities, an increase of 119 yuan or 52.6 percent; and 24.6 yuan from urban remittance, social relief and bank interest, up 0.5 yuan or 2.1 percent over the previous year. Calculated according to the sample survey, some 173,000 peasant households built new houses during the year, an increase of 38.4 percent. The average per-capita residential floor space rose from 8 square meters in 1982 to 9.9 square meters. The annual average per-capita living expenses of peasants was 213.8 yuan, an increase of 6.6 percent. The number of durable consumer goods purchased in the rural areas greatly increased.

Urban and rural savings deposits increased. The total amount was 4.003 billion yuan in 1983, an increase of 853 million yuan, or 271 percent as compared with the beginning of the year.

With the development of the national economy, work was strengthened to support the aged, disabled, widowed and orphaned whose livelihood were not assured. The number of such people supported by rural collectives came to 81,700, up 2.9 percent over the previous year. The number of old people housing in the homes for the aged in rural areas reached 15,800, up 17.9 percent. Welfare instituted in cities and towns and children's welfare institutes numbered 19, taking care of 2,800 people.

Public security improved markedly. The number of criminal cases in the province dropped 14.3 percent from 1982. Thanks to our efforts to deal strict blows to criminal activities, the number of criminal cases delined remarkably. Between September and December, the number of general criminal cases dropped 41.8 percent as compared with the previous 4 months, that of major cases, 39.8 percent, and that of appalling cases, 43.9 percent. The lives and property of the people were further guaranteed.

#### 10. Population

The population of the province at the end of 1983 was 330.6 million, an increase of 250,000 or 0.76 percent over the previous year. According to a sample survey, the birth rate of the province in 1983 was 17.54 percent, a decline of 0.91 per thousand. The morality rate was 5.5 per thousand up 0.62 per thousand. The natural growth rate was 12.04 per thousand, a decline of 1.53 per thousand.

CSO: 4006/520

## AGGREGATE ECONOMIC DATA

### COMMUNIQUE ON SHANGHAI 1983 ECONOMIC PLAN

OW152352 Shanghai JIEFANG RIBAO in Chinese 29 Apr 84 p 2

[*"Communiqué on Implementation of Shanghai's 1983 Economic and Social Development Plan"--released by Shanghai Municipal Statistical Bureau on 28 April 1984*]

[Text] The year 1983 was the third in the Sixth 5-Year Plan, and the first in our drive to create a new situation in all fields of socialist modernization. Guided by the spirit of the 12th CPC Congress, and under the leadership of the CPC Central Committee, the State Council, and the Shanghai Municipal CPC Committee and People's Government, and by further implementing the policy of readjustment, restructuring, reorganization, and upgrading, by concentrating on "developing foreign economic cooperation and trade, forming joint domestic ventures, instituting technological transformation, and promoting the exploitation of natural resources," and by relying on the common efforts of the people throughout the municipality, all fronts in Shanghai scored new achievements in economic and social development. The municipality's total industrial and agricultural output value (calculated according to the fixed 1980 price; the same below) was 71.94 billion yuan, an increase of 6.5 percent from the previous year. Its national income was initially calculated as 30.3 billion yuan. If calculated according to the fixed price, this represents a 6.6 percent increase over the previous year. On the strength of the development in production, market became brisk, people's livelihood improved, building of socialist spiritual civilization was further strengthened, and the social atmosphere and order notably improved.

#### 1. Industry

The municipality's industrial output value totaled 67.86 billion yuan, an increase of 6.6 percent over the previous year. This growth exceeded the 4 percent growth rate targeted in the original plan. Both heavy and light industries reported growth.

Of the 86 major industrial products, the output of 77, including steel, rolled steel, chemical fertilizers, chemical insecticides, power generating equipment, electronic computers, cameras, and tape recorders, met, or topped, the state plan. Nine products, including electricity, concentrated nitric acid, and silk products, failed to meet the planned quotas. Compared with the previous year, the output of 61 products increased, while 25 decreased. Of the 38 major

industrial products listed in the Sixth 5-Year Plan, the output of 23 met the 1985 target of the plan 2 years ahead of schedule. They include electricity, plate glass, soda ash, ethylene, television sets, and chemical fibers.

The policy of giving priority to light industry was continually followed. Efforts were made to increase readily marketable products. The light industrial output value totaled 37.72 billion yuan, an increase of 5.1 percent over the previous year. The output of fine-quality, popular-brand, and readily saleable textile, light industrial and civilian electronic products increased by large margins. Compared with the previous year, the output of washing machines increased by 92.2 percent, tape recorders by 90.5 percent, color television sets 1.8 times, cameras 18.3 percent, bicycles 10.5 percent and sewing machines 9.8 percent. Readily salable textile products, such as printed and dyed chemical fiber cloth, also registered fairly large increases.

Output of major light industrial products follows:

	<u>1983</u>	<u>Percentage increase [as published] over 1982</u>
Cotton yarn	390,000 tons	- 1.2
Cloth	1.58 billion meters (1.63 billion square meters)	- 4.3 (- 3.6)
Chemical fibers	157,600 tons	- 0.9
Woolen piece goods	31.16 million meters	- 4.7
Knitting wool	21,400 tons	7.7
Silk textile	119 million meters	0.3
Cigarettes	831,500 cartons	0.1
Beer	79,600 tons	4.1
Chemical pharmaceuticals	5,354 tons	6.4
Detergents	77,900 tons	4.7
Bicycles	5,200,500	10.5
Sewing machines	2,847,700	9.8
Watches	10,940,000	5.1
Television sets	1,888,500	19.8
Of which:		
Color TV sets	150,200	180.0
Radio sets	4,772,400	-16.9
Domestic washing machines	318,000	92.2
Domestic refrigerators	15,3000 [as printed]	40.3
Electric fans	1,665,000	9.3
Light bulbs	183 million	9.1
Machine-made paper and paper board	337,600 tons	3.9
Furniture	3,872,400 pieces	13.8

Heavy industry undertook further readjustment of its service orientation. While guaranteeing fulfillment of production plans for manufacturing component products for the state's key construction projects, various enterprises stepped up production of raw materials and electrical machinery equipment in short supply. The

output value of heavy industry totaled 30.4 billion yuan, an increase of 8.5 percent over the previous year. Of the various heavy industrial products, the output of products serving the needs of energy, communications, posts and telecommunications, and the building industry grew relatively fast, with power-generating equipment up 90.8 percent, steel ships for civilian use up 70.7 percent, mining equipment up 25.7 percent, and plate glass, motor vehicles and internal-combustion engines all up 10 percent and more.

Output of major heavy industrial products follows:

	<u>1983</u>	<u>Percentage Increase Over 1982</u>
Steel	5,116,400 tons	3.5
Rolled steel	4,235,100 tons	0.04
Electricity	22,477 million kWh	2.2
Coke (machine-made)	2,255,200 tons	0.4
Cement	2,232,600 tons	4.8
Plate glass	1,916,400 standard cases	13.0
Sulphuric acid	351,800 tons	- 8.9
Caustic soda	254,900 tons	2.7
Agricultural chemical fertilizer	172,200 tons	- 0.5
Chemical insecticides	17,800 tons	-17.2
Ethylene	143,500 tons	4.9
Plastics	169,700 tons	12.1
Synthetic rubber	17,100 tons	13.7
Outer rubber tires	1,805,500	27.6
Power generating equipment	765,000 kw	90.8
Mining equipment	23,700 tons	25.7
Machine tools	17,000 tons	6.5
Motor vehicles	8,125	17.4
Tractors	8,101	1.3
Internal-combustion engines (sold as commodities)	3,827,900	14.0
Steel ships for civilian use	332,300 tons	70.7

Shanghai's industrial enterprises worked hard to raise their capacity to meet changing situations in domestic and foreign markets by strengthening the work of producing new products and upgrading existing ones. Of the 192 major products, the quality indexes of 164 maintained, or improved, the 1982 level, while 28 declined. Six hundred sixty-four products won the municipal or ministry's quality awards, an increase of 287 over the previous year. Seventy-six products received state gold or silver quality awards, an increase of 30. More than 3,000 new products were successfully developed. Some 30,000 textile, light and handicraft industrial products underwent changes in variety, color and design, specification and packing.

Industry achieved good results in enterprise consolidation, resulting in an improvement of economic performance. By the end of 1983, 411 state enterprises had passed the acceptance tests, representing 20.2 percent of the total number of enterprises in Shanghai designated for enterprise consolidation under the state plan. Per capita productivity for state-owned enterprises designated to undertake independent accounting rose 4.1 percent over 1982. Of the 120 major products, 89 maintained or improved the 1982 level in indexes for unit consumption of energy and materials, while 31 increased. The total cost of comparable products of local state-owned industrial enterprises dropped 0.78 percent. Losses suffered by deficit enterprises dropped 31.4 percent from the previous year. However, there were still a considerable number of products losing money, and a considerable number of deficit-ridden enterprises. The major technological and economic indexes of a number of products lagged behind the international level by fairly wide margins, some even behind other provinces and municipalities.

## 2. Agriculture

Agricultural production in suburban areas suffered serious natural disasters in 1983. The vast numbers of cadres and commune members made positive efforts to combat the disasters, ensure production, and develop diversified operations covering agriculture, sideline production, and industry, while they were stabilizing and improving the multiform system of contracted responsibilities, with remuneration linked to output. As a result, though their crop production was adversely and largely affected there was a quick development in industrial and sideline undertakings, both those run by collectives and by individuals. The annual gross agricultural production value was 4.08 billion yuan, or 5.5 percent more than the preceding year. The value of farm output (crop production) was 1.27 billion yuan, showing a decline of 11.7 percent. Sideline production value amounted to 1.93 billion yuan, up 23.8 percent. Among sideline undertakings, industrial projects run by production brigades registered an output value of 1.85 billion yuan, or a 24.6 percent rise compared with the preceding year's figure.

Affected by natural disasters, and with reduced acreage of cotton and rape in the farming plans, output of the three main farm products, namely grain, cotton, and rapeseed declined 4.1, 5, and 39.2 percent respectively from the preceding year's level, while production of vegetables decreased 24.5 percent. On the other hand, production of principal nonstaple foods was satisfactory. The appearance of more specialized and key households doing specialized jobs besides crop cultivation in rural areas brought about a rather big development of commodity production in the countryside. Milk production rose 10.9 percent and fresh water aquatic production was up by 24.9 percent compared with the preceding year. Procurement of hogs, poultry, and eggs was more than the preset targets.

Output of main farm products follows:

	<u>1983</u>	<u>Percentage Increase Over 1982</u>
Grain	4.14 billion jin	- 4.1
including:		
rice	2.95 billion jin	- 2.7
wheat, barley, and naked barley	890 million jin	-10.4
Cotton	1.53 million jin	- 5.0
Rapeseed	2,025,000 dan	-39.2
Vegetables	24,740 dan	-24.5
Pork	195,000 dan	- 3.9
Hogs: Number raised in the year	5,965,000 head	- 6.0
Number sent to market	3,652,000 head	- 1.8
Number at year-end	2,301,000 head	-11.8
Milk production	103,000 metric tons	10.9
Aquatic production	184,000 metric tons	-14.3
Seawater aquatic production	157,000 metric tons	-18.8
Freshwater aquatic production	27,000 metric tons	24.9

At the year-end, agricultural machinery in the suburban areas of this municipality had a total power of 3,139,000 horsepower, or 70,000 horsepower more than the preceding year. There were 9,377 big and medium-sized tractors, 33,000 small and hand-guided tractors, 13,000 sets of tractor-hauled farm implements, 6,038 trucks for farm use, and power-driven irrigation and drainage machines totaling 377,000 horsepower. The quantity of chemical fertilizers (calculated on a 100 percent purity basis) applied in the year was 161,000 metric tons, and 4,925,000 [as printed] mu of fields were tractor-plowed, accounting for 93.8 percent of the total acreage of cultivated land.

### 3. Investment in Fixed Assets

In 1983, public-owned units in the municipality made an investment of 6.5 billion yuan in fixed assets (investment in capital construction amounted to 4.3 billion yuan, and investment in other projects 2.2 billion yuan). Investment in fixed assets made by collectively-owned units in urban and rural areas amounted to 620 million yuan. Investment in private housing construction in urban and rural areas totaled 470 million yuan.

There were 889 capital construction projects built by public-owned units, involving a total investment of 4.3 billion yuan. This was 1.4 percent less than the amount in the preceding year. Among these projects, investment in central organs' projects was 2.84 billion yuan, exceeding the planned target by 11.9 percent,

while investment in local projects was 1.46 billion yuan, accounting for 90 percent of the target. Investment was kept within the limit of the state plan. Of these capital construction projects, investment in productive projects amounted to 3.16 billion yuan, or 4.4 percent less than the preceding year, while investment in nonproductive projects, such as housing, schools, hospitals, and urban public utilities, was 1.14 billion yuan, up 7.9 percent from the preceding year. The proportion of investment in nonproductive projects rose to 26.4 percent, as against 24.2 percent in the preceding year.

The construction of key state projects including the Baoshan Iron and Steel General Plant, the second phase project of the Shanghai Petrochemical General Plant, and the Shanghai port was stepped up. Total investment in the three projects reached 2.97 billion yuan, overfulfilling the annual investment plan.

The total amount of new fixed investment in capital construction was 1.709 billion yuan, increasing by 10.3 percent as compared with the previous year. Some 39.7 percent of the total fixed investment was completed and put into operation. The total fixed investment put into operation, excluding "the Baoshan Iron and Steel General Plant" and the second phase project of "the Shanghai Petrochemical General Plant," reached 78.8 percent. During 1983, 256 projects (including five large and medium-size projects) were completed and put into operation, and 232 projects were partially completed and put into operation.

Technical transformation of existing enterprises was strengthened. Enterprises owned entirely by the people invested a total of 2.2 billion yuan for this purpose, increasing by 22.3 percent as compared with the previous year, of which 5,693 projects were of a scale greater than 50,000 yuan with a total investment of 1.74 billion yuan, increasing by 21 percent as compared with the previous year. Of the 5,693 projects, a total of 1.36 billion yuan was used for expanding production, accounting for 77.9 percent of the total investment in these projects. Of this amount, 10.5 percent was used to reduce waste, 37.9 percent to increase production, 11 percent to raise the quality of products, and 10.7 percent to increase the variety of products.

Of the 5,693 projects, 2,689 projects were completed in 1983, adding a total fixed investment of 1.34 billion yuan, which represented a 16.5 percent increase over the previous year. Of the total fixed investment for technical transformation, 76.6 percent was completed and put into operation.

The fixed investment of enterprises owned entirely by the people increased production capacity or economic results as follows: Electric power generators with a total capacity of 350,000 kilowatts, electric power transmission lines with a total length of 88 km, electric power transmission facilities with a total capacity of 720,000 kilovolt-amperes, 50,000 sets of washing machines, 326,000 television sets, 153,000 recorders, new (and expanded) port facilities with a total annual handling capacity of 380,000 metric tons, 21 additional commercial food service points, 7,800 seats for schools of higher learning, 14,300 seats for secondary schools, 26,600 seats for primary schools, and 1,433 hospital beds. In addition, the newly built Shanghai Guest House, the Yingbai Village of Longbai Hotel, the Shanghai swimming pool, and the Shanghai sailing boat site were all completed and put into operation.

Housing construction in the municipality was also stepped up. The total investment by enterprises owned entirely by the people and township and collective enterprises in housing construction reached 640 million yuan, increasing by 3.5 percent as compared with the previous year. In 1983, houses with a total area of 4.059 million square meters were completed, overfulfilling the annual quota of 3.5 million square meters and increasing by 2.9 percent as compared with the previous year. Of the total houses completed in 1983, 3.253 million square meters were built by individual enterprises and units, increasing by 12.8 percent as compared with that of the previous year, and 806,000 square meters were built by the state, decreasing by 24.1 percent as compared with the previous year. The proportion that houses built by individual enterprises and units accounted for in the total area of housing construction rose from 73.1 percent in 1982 to 80.1 percent. At the same time, various units in the municipality completed major repair work on houses with a total area of 1.95 million square meters and improved the living conditions for some 10,000 households.

Progress was registered in the improvement of municipal construction. During the last year, the state invested a total of 260 million yuan for building and improving public works and the environment, increasing by 38.2 percent as compared with the previous year. In 1983, 20 roads were expanded or rebuilt, road surface with a total area of 2 million square meters was repaved, and three passenger overpasses were built. As of the end of 1983, the total length of running water pipes in the municipality reached 2,614 km, of which 121 km were newly built. Some 32,500 households were installed with running water facilities. The total quantity of water supply during 1983 increased by 1.1 percent as compared with the previous year. As of the end of 1983, the total length of gas pipes reached 1,617 km, of which 62 km were newly installed. Some 32,200 households were installed with new natural gas facilities. The total supply of natural gas increased by 3.1 percent as compared with the previous year. In 1983, 29 bus lines were opened or extended. As of the end of 1983, there were a total of 4,456 motor vehicles for passenger service, of which 267 were newly added. The people in the municipality planted 810,000 trees and restored or opened up 1,170 mu of green land. Improvements were made in controlling water pollution and air pollution caused by boilers and stoves. The municipality's outlook and environment were continuously improved.

#### 4. Communications, Posts, and Telecommunications

Passenger and freight transportation plans were fulfilled by various transport departments in Shanghai. In 1983 Shanghai's transportation departments carried a total of 220 million metric tons of goods, or 2.1 percent higher than the preceding year. Of this amount, 46.27 million metric tons, or an increase of 1.4 percent, were carried by railways; 89.13 million metric tons, or an increase of 1.7 percent, by waterways (including the sea, the Changjiang and other inland rivers); 80.52 million metric tons, or an increase of 2.9 percent, by highways administered by local communications departments; and 20,000 metric tons, or an increase of 23.2 percent, by air. The volume of freight handled by various ports (excluding Zhangjiagang) in Shanghai reached 91.9 million metric tons, topping that of the previous year by 4.3 percent.

Various transportation departments transported a total of 28.25 million passengers, an increase of 8.7 percent over the preceding year. Of all the passengers, 19.95 million, or an increase of 7.7 percent, were transported from various railway stations in Shanghai; 5.11 million, or an increase of 6.5 percent, were transported from various ports in Shanghai; 2.77 million, or an increase of 25.3 percent, were carried by long-distance buses; and 420,000, or a drop of 4.5 percent, were transported by civil air services.

Postal and telecommunications services developed fairly quickly. Revenues from these services reached 110 million yuan in 1983, a growth of 13.6 percent over the preceding year. With the exception of the volume of mail, which dropped by 1.3 percent, all other services grew in varying degrees. The number of newspapers and periodicals distributed increased 27 percent, the number of telegrams increased 10.2 percent, and the number of long-distance telephone calls increased 35.7 percent. By the end of 1983, 108,900 households in Shanghai owned telephones. This was an increase of 11.6 percent over the preceding year.

In conjunction with enterprise reorganization, communications, postal, and telecommunications departments in Shanghai took active steps to improve their operation and achieved better economic performance. Productivity of the Shanghai Port Administration increased 3.8 percent, with the time for handling each 1,000 metric tons of goods shortened by 7.1 percent; revenue from railway freight transport services increased 9.7 percent; and profits made from postal and telecommunications services increased 18 percent, as compared with the preceding year. However, passenger and freight transport services, cargo-handling capacity of ports, in Shanghai, and postal and telecommunications services still could not meet the needs of economic development.

The municipality's bus service transported 4,100,900,000 passengers, an increase of 6.9 percent over the preceding year, averaging 11.26 million passengers daily, an increase of 3.8 percent over the preceding year. The highest daily record was 12.72 million passengers. Although great efforts were exerted by all quarters to improve the situation, traffic in urban areas was still congested. This situation must be further improved.

##### 5. Domestic Commercial Development

In 1983, owing to the rising purchasing power of the people in urban and rural areas and the enlivening of all distribution channels as well as government measures to stimulate consumption--such as lowering the prices of chemical fabrics and wristwatches, the tentative suspension of the use of coupons in purchasing cotton cloth, plus abundant supply of goods--the market was brisk, and commodity prices were basically stable. The turnover from commodity retained in 1983 reached 10.66 billion yuan, topping that of the preceding year by 10.3 percent (and if the turnover from retail of commodities sold by peasants to nonagricultural residents is also included, the total annual turnover from commodity retail reached 10.89 billion yuan, or an increase of 10.8 percent over the preceding year). Of this amount, the turnover from retail of consumer goods reached 9.84 billion yuan, an increase of 10.4 percent, and the turnover from retail of means of agricultural production reached 820 million yuan, an

increase of 8.9 percent. According to the different categories of consumer goods, the turnover from food retail increased 7.2 percent over the preceding year, the turnover from retail of clothing increased 14 percent, the turnover from retail of goods for general use increased 12.8 percent, and the turnover from retail of goods for burning dropped 0.8 percent. The standard of consumption changed conspicuously among people living in cities and rural areas who wanted good and nutritious food and fashionable and good-looking clothes of good quality. Among the durable goods for general use, the demand for new types of household electrical appliances gradually increased. As for the quantities of retail sales of principal nonstaple foods and manufactured goods for daily use, grain increased 5.1 percent, edible vegetable oil 9.9 percent, pork 7.6 percent, poultry 5.3 percent, aquatic products 2.8 percent, piece goods 22.1 percent (cotton-chemical fiber blended cloth 23.9 percent, cotton piece goods 27.1 percent, and chemical fabrics 11.1 percent), woolen fabrics 9.5 percent, garments 33.1 percent, table electric fans 25.4 percent, tape recorders 11.8 percent, cameras 17.7 percent, refrigerators 68 percent, and washing machines 92.9 percent. Quantities of retail sales of fresh vegetables, woolen knit yarn, wristwatches, and sewing machines were less than the preceding year.

In 1983, further efforts were made to facilitate the circulation of commodities. With state-run commerce playing the leading role, collectively and individually run commerce continued to develop. Turnover from retail sales registered by collectively run commerce showed a 14-percent increase over the preceding year, while retail sales registered by individual businessmen and retail sales of commodities by their manufacturers rose by 82.6 and 23.7 percent respectively. Trade fairs in urban areas were brisk. Amounts of transactions on the farm and sideline products market increased 42.9 percent over the preceding year, while those on the small handicraft commodities market topped the preceding year by more than 80 percent.

Industrial and commercial departments paid more attention to market survey and study and made arrangements for production and procurement of commodities in accordance with the needs of the market in order to have more abundant sources of supply of marketable products. The total commodity procurement registered by state-run commercial units in the municipality was 18.18 billion yuan, up 4.1 percent compared with the preceding year. This included 16.34 billion yuan for procurement of industrial products, up 4.4 percent from the preceding year; and 1.43 billion yuan for procurement of farm and sideline products, down 1.2 percent from the preceding year. The total amount of commodities supplied to the municipality from other places was 5.63 billion yuan, or 20.2 percent more than the preceding year. This included farm and sideline products in the amount of 2.78 billion yuan, 22.6 percent more than the record for the preceding year. At the same time, this municipality supplied 11.98 billion yuan worth of industrial products to other places. This was 5.3 percent more than in the preceding year. The total amount of commodities in stock held by state-run commerce in the municipality at the end of 1983 was 6.6 percent more than at the end of 1982.

Commercial departments made positive efforts to improve their operations and management, to expand purchases and sales, to increase revenue and cut expenditure, and to stop losses and increase profits. This brought about better

economic results. Compared with the preceding year, expense for commodity circulation spent by commercial enterprises in 1983 declined 3.8 percent, the rate of turnover of circulating funds was 3.2 days faster, the rate of profit and tax from funds used rose by 2.3 percent, and the profit from selling 100 yuan worth of commodities increased by 0.99 yuan. In the case of those commercial units which operated at a deficit, the losses suffered were less than in the preceding year. Because of people's greater purchasing power, there was a change in the way they spent their money, and the supplies of certain high-quality and famous-brand consumer goods still could not meet the growing demand.

In general, commodity prices were stable in the municipality; however, prices of certain commodities were either higher or lower, and there was a slight rise in the price level as a whole. With regard to food items, the list prices of aquatic products, fruits, and vegetables rose somewhat, and their prices at trade fairs went up rather remarkably. This, coupled with the fact that more varieties of food items were included in the negotiated-price category, resulted in higher price indices for food items: The index for list price rose 0.8 percent, for negotiated price 1.3 percent, and for market price 10.7 percent. With the adjustment of prices of textiles, however, the price index for garments declined 5.7 percent. As for commodities for daily use, the price index for daily necessities declined 1.4 percent, and that for stationery and recreational items went down by 0.6 percent, while the price index for pharmaceuticals rose 1.9 percent. Prices of fuels were stable. The index for service charges was up by 0.7 percent.

## 6. Foreign Trade and Tourism

The value of goods that Shanghai purchased for export in 1983 totaled 11.79 billion yuan, up 1.8 percent from the previous year. Of this total, locally purchased goods were valued at 9.31 billion yuan, up 1.6 percent and those purchased from other provinces was 2.48 billion yuan, up 2.5 percent.

Shanghai exported goods to 166 countries and territories in 1983, with a total value of US\$3.65 billion, up 1.2 percent from the previous year. Of these export goods, the value of farm and sideline products and light industry and textile products increased 6.7 percent and 0.8 percent respectively from the previous year while the value of heavy industry products fell 4.4 percent.

With more tourism facilities installed and tourism conditions improved, Shanghai received 440,000 tourists from 142 countries and territories in 1983, up 18.6 percent from the previous year. They included foreigners, Overseas Chinese, and compatriots from Hong Kong, Macao, and Taiwan. The total of Shanghai's tourism income for the year was 210 million yuan (foreign exchange-renminbi), up 13.7 percent from the previous year.

## 7. Science, Technology, Education, and Culture

Conscientiously implementing the principle "science and technology should be oriented to serving the economy and the economic development should be based

on scientific and technological advancement," the city made 736 major scientific and technological achievements in 1983. Of these, 51.2 percent were for improvement of product quality and replacement of old product with new ones; 10.1 percent were for study and application of new technology; 8.1 percent were for advanced energy conservation process and equipment; 16.8 percent were for medical and health care and agricultural production; and 4.3 percent were for study of basic theories. Items such as acid- and alkali-resisting cryogenic porcelain, VAD-VOD comprehensive extra-furnace refining device, new foam-treatment process, XDN-1-TYPE CT skull fixture, and the study and culture of rice blade tissue all are of considerably high theoretical level or have tremendously high application value. Scientific research units paid great attention to the study and application of new technologies, particularly electronic computers. A number of research results made important contributions to production and construction, thus creating marked economic or social benefits. By the end of 1983, units under the ownership of the whole people had a total of 471,000 scientific and technical professionals of various specializations, 91,000 more than in the previous year. Among them, 322,000 were natural scientists and 149,000 were social scientists.

Efforts were stepped up in 1983 to make an investment in the development of intellectual resources and training of useful persons. The city's institutes of higher learning enrolled 24,500 students, 4,600 more than in the previous year and graduated 29,000, up 2,500. Some 79,000 were still in school, 5,000 less than in 1982. Universities, colleges, and scientific research institutes in Shanghai had 3,668 post-graduate students and researchers, 3,605 of them in universities and colleges, 690 more than in 1982. Liberal arts education in universities and colleges developed and the structure was changed somewhat. The unitary structure of secondary education underwent a change and the number of secondary professional, technical, and various vocational schools steadily increased. Middle schools of all types enrolled a total of 204,000, some 20,000 less than in the previous year, and graduated 164,000, about 16,000 more than in 1982. The number of students in school totaled 605,000, some 12,000 less than in 1982. Of all students in school, the number of secondary professional schools and vocational schools increased while the number of technical and regular middle schools declined with the number of students in secondary professional schools increasing by 3,000, those in vocational schools by 8,000 while those in technical schools and regular middle schools respectively decreasing by 8,000 and 15,000. Primary schools had 798,000 pupils enrolled, some 9,000 more than in 1982. All methods were employed to expand preschool education and a total of 177 new kindergartens were added. Total kindergarten enrollment was 327,000 in 1983. Adult education developed rapidly as the masses' enthusiasm to learn soared. Students receiving general and technical education at various industrial and agricultural sparetime schools totaled 883,000, (including those taking a single course). Among them, 136,000 were students of various workers' universities, TV universities, correspondenc schools and schools for advanced study by middle school teachers. There were 136,000 students in colleges and universities for adults, 703,000 in adult middle schools, and 44,000 in adult primary schools.

Cultural, Journalist, Publication, Broadcasting, and TV departments made important contributions to publicizing the party's line, policies, and principles; reporting achievements in socialist construction; promoting reform and spiritual civilization; and enriching the people's spiritual and cultural life. There were a number of comparatively good works and programs. In 1983, a total of 19 feature films were made. By the end of the year, the city had 822 film projection units, 46 performing art troupes, 42 cultural halls, 40 libraries (including branch libraries), 9 museums and memorial halls, and 3 exhibition halls. Shanghai now has one broadcasting station, four transmitters, and one TV station with two program channels. The broadcasting station daily makes 88.9 hours of broadcasts, 5.7 hours more than in 1982. Throughout the year, 1.81 billion issues of year, newspapers were published, up 21.4 percent from the previous year; 250 million copies of magazines of various nature were published, up 9 percent; while 470 million books were published, down 23.3 percent.

#### 8. Public Health and Sports

Public health work continued to improve. In 1983 the number of hospitals, sanatoriums, outpatient clinics, special prevention and treatment centers, and other public health institutions in Shanghai totaled 6,451. Professional health workers numbered 101,000, an increase of 2,000 people. This included 7,000 doctors of traditional Chinese medicine, 20,000 doctors of Western medicine, and 24,000 nurses. There were 52,000 hospital beds. Progress was also made in the patriotic public health campaign and the work to prevent and cure diseases.

Vigorous developments were made in sports. A total of 636 sports meets were held at and above district and county levels in Shanghai. The holding of the fifth national games in Shanghai gave impetus to professional and popular sports activities. Large numbers of workers and cadres on all fronts in Shanghai contributed their share to the national games. Shanghai athletes did their best and won 33 gold medals at the games. The municipality ranked first in the nation in medal standings and total group scores. It was the best record ever registered at the national games. In 1983 Shanghai athletes broke a world record, 16 national records, and 136 municipal records. A total of 500,000 people met the "State Physical Exercise Requirements" in 1983.

#### 9. Living Standards

Living standards in urban and rural areas continued to rise. In 1983 Shanghai provided jobs for 158,800 people, including unemployed youths and the year's graduates from colleges, secondary technical schools, and workers, training schools covered by the state job assignment program. Of these, 120,500 were in state-run establishments, accounting for 75.9 percent; and 38,300 were in collective units, accounting for 24.1 percent. The year-end figure for workers and staff in state-run establishments and collective units in cities and towns was 4,830,100, an increase of 78,500, or 1.7 percent, over the year-end figure in 1982. Of these, 3,775,200 were in state-run establishments, a 1.7-percent increase, and 1,054,900 were in collective units in cities and towns, an increase of 1.5 percent. Furthermore, the number of licensed self-employed workers in cities and towns increased by 5,100 to 29,000 at the end of 1983. As the number of workers and the wages for workers in government offices and establishments increased in 1983, Shanghai's total payroll reached a 4.29 billion

yuan, up 3.8 percent from 1982. Of this, bonuses (including wages paid for above-quota piecework) came to 670 million yuan, up 10.1 percent. Of the municipality's total payroll, 3.49 billion yuan went to state-run establishments, up 3.6 percent; and 800 million yuan went to collective units, up 4.7 percent. The municipality's average annual cash wage was 897 yuan (935 yuan for state-run establishments and 763 yuan for collective units), up 1.6 percent over 1982. According to a sample survey of incomes and expenses for 500 urban workers' and staff members' households, in 1983 the average per-capita annual income that could be spent on living expenses was 641 yuan, up 4.4 percent over 1982. Workers' actual incomes increased by 4.2 percent over 1982 after adjusting for the rises in indices of living expenses of workers and staff members.

Thanks to their vigorous efforts in developing industrial and sideline production, peasants in suburban counties managed to make fairly big increases in their incomes in a year of natural disasters. The peasants' average per-capita income from the collective in suburban counties was 368 yuan, up 7.9 percent over 1982. Adding the incomes from domestic sideline production, the annual average per-capita income reached 440 yuan, up 3.8 percent over 1982. According to a sample survey of incomes and expenses for 360 peasant households in suburban counties, in 1983 the average per-capita net income of peasant households was 563 yuan, up 6.2 percent over 1982. Of the peasant households surveyed, 60.6 percent, up from 55.1 percent in 1982, registered an annual average per-capita net income of more than 500 yuan.

Urban and rural savings deposits in Shanghai reached 4.6 billion yuan at the end of 1983, up 21.2 percent from the end of 1982, an all-time high. Savings deposits in urban and rural areas totaled 4.02 billion yuan and 580 million yuan respectively, up 22.9 percent and 10.3 percent respectively.

Continued improvements were made in 1983 in support for the childless, aged, disabled and orphaned whose livelihood was not assured. Rural collective economy supported 2,900 childless, aged, and disabled people. Rural collectives ran 90 nursing homes housing 1,400 people. Social welfare institutes and children's welfare institutes in cities cared for 3,600 people at the end of 1983.

#### 10. Population

Based on the statistics on permanent residents, the population of Shanghai at the end of 1983 was 11.94 million, 135,000 more than figure at the end of 1982. Urban population made up 6.391 million, up 122,000 people.

Shanghai's birth rate in 1983 dropped to 15.4 per thousand from 18.5 per thousand in 1982. The mortality rate was 6.9 percent. The natural growth rate in 1983 dropped to 8.5 per thousand from 12.2 per thousand in 1982. Some 97 percent of birth controls conformed to plans and the percentage of families holding a one-child certificate rose from 94.8 to 98.7.

## AGGREGATE ECONOMIC DATA

### BRIEFS

SHANGHAI INDUSTRIAL PRODUCTION STATISTICS--Shanghai, 13 May (XINHUA)--China's leading industrial city of Shanghai produces an average of 10 bicycles, 21 wristwatches, 5 sewing machines, 4 television sets, 2 tape recorders and 291 garments all in 1 minute, according to the municipal statistical bureau. The textiles produced in the city in 1 year are equal to 40 times the length of equator. In heavy industry, the city produces in just 1 minute 40,000 kWh [kilowatt-hours] of electricity, 10 tons of steel, 8 tons of rolled steel, 4 tons of cement and 6 automatic meters. According to the bureau, the total industrial output value for one minute in Shanghai averaged 130,000 yuan and profits and taxes delivered to the state 30,000 yuan. Its annual output value in 1983 was 36 times that of 1949, the year when the People's Republic was founded. The one-minute statistics also showed a side-by-side development of light and heavy industries with heavy industrial production accounting for about 45 percent of the total industrial output value. In recent years, the city has added a number of rising industries, including electronic computers, semi-conductive elements and components, optical glass, petro-chemicals, auto industry, civil aviation equipment, precision machine tools and household electrical appliances. The city is now China's largest industrial center, with 157 industrial departments. [Text] [OW130842 Beijing XINHUA in English 0823 GMT 13 May 84]

CSO: 4020/123

## INDUSTRY

### BRIEFS

INDUSTRIAL PRODUCTION JAN-APR--Beijing, 11 May (XINHUA)--China's industrial output rose by 11.7 percent in the first four months of 1984 to 211.75 billion yuan (about 105.87 billion U.S. dollars), the State Statistical Bureau reported today. Both heavy and light industries reported the same increase rate, a spokesman said. Crude oil output was 36.501 million tons, up 5.7 percent; coal, 237.721 million tons, up 9.7 percent; and power, 119.51 billion kilowatt-hours, a 7.6-percent rise. Output of pig iron, steel and rolled steel rose by over 8 percent, cement by 11.4 percent and plate glass by 12 percent. Production of motor vehicles jumped 19.8 percent to 88,800 units and walking tractors, 37.3 percent to 202,400 units. Output of chemical fertilizers increased 5.6 percent to 4.8732 million tons. Marked increases were also recorded in output of household electrical appliances and consumer durables. Increases of 25.9 percent to 58.4 percent were registered for cameras, tape recorders, television sets, washing machines and electric fans. Production of refrigerators soared by 110 percent and color television sets by 160 percent. A 15-percent rise was also recorded in output of silk textiles, woolen piece goods, knitting wool and chemical fiber fabrics. [Text] [OW111318 Beijing XINHUA in English 1309 GMT 11 May 84]

CSO: 4020/123

CONSTRUCTION

PAST, FUTURE OF BUILDING INDUSTRY DISCUSSED

Beijing JIANZHU JINGJI YANJIU [THE STUDY OF BUILDING ECONOMICS] in Chinese  
No 1, 15 Feb 84 pp 2-8

[Excerpts of speech of Xiao Tong [5135 2717], Vice Minister, Ministry of Urban and Rural Construction and Environmental Protection, and Chairman, Board of Directors, China Architectural Engineering General Corporation, at corporate Board of Directors meeting: "Earnestly Reorganize, Actively Reform and Vigorously Enliven the Building Industry"]

[Text] This meeting is held in Shenzhen because we want the comrades from the various areas to see why construction here has progressed so fast and why they can make such great achievements in a short space of 3 years, so that we can assimilate their experiences, properly promote the building industry and expedite China's four modernizations' construction. In Shenzhen's development of industry and tourism and pursuit of urban modernization, the building industry, providing the material and technical bases, played an important role and received first priority in development. Today, more than 130 units in designing and construction employ 100,000 workers, constituting 40 percent of the city's total population of 230,000. The city's experiences in developing the building industry are many-sided. The most impressive among them are comprehensive development according to overall urban planning, the practice of public bidding, organized supervision of quality, elimination of the "one big pot of rice" in distribution, making the construction industry an important vital branch able to recruit social funds widely and provide large accumulations. In the construction of the Shenzhen Special Economic Zone, they upheld our own good things while breaking down the fetters of conventions which blocked the development of production, learned many useful practices from counterparts overseas and in Hong Kong and Macao, and successfully introduced bold reforms, developing the industry and building the special zone. In a certain sense, the zone serves as a "window" for us to learn the advanced technology and management of the Hong Kong and Macao region and foreign countries. Holding the meeting here will help us broaden our field of vision, open our minds to better study and promote the reform of the industry. We hope that everyone will, in conjunction with the concrete conditions, appropriately assimilate their successful experiences and improve our work.

I will not discuss my views in terms of the problems in the building industry throughout the country.

### I. Achievements in Reorganization and Restructuring in Past Year

In 1983, the situation of the industry throughout the country was very good, and progress was made in all tasks.

Let us first discuss enterprise reorganization. This was the year in which enterprise reorganization was fully launched. According to Comrade Zhao Ziyang's instruction to quicken the pace and improve the quality and the plans of the national enterprise reorganization leading group, we generally strengthened leadership and focused on reorganizing 179 large key enterprises and readjusting the leading groups of medium and small ones. By the end of October, the leading groups of 121 out of 179 large enterprises were reorganized, and those of large enterprises in Hebei, Anhui, Jiangxi, Ningxia and Yunnan were reorganized and checked and accepted. Liaoning, Jiangxi, Shaanxi, Guangdong, Sichuan and Heilongjiang completed 50 percent or more. In the reorganization, the leaders of the various levels gave it their personal attention, and the work was fairly down-to-earth. In the reorganized enterprises, the ages of the leading groups generally dropped 3 to 5 years; the proportion of those of special secondary school level or above rose one-third; the composition of the leading cadres and the worker ranks became more rational; the "long-standing, big and difficult" problems left unsolved for many years were preliminarily solved. Compared with the situation before reorganization, obvious changes occurred in the work outlook and economic results.

After the national building work conference this year, the various areas, following the 10-article reform program, earnestly launched experimental units and popularization work. They focused on the objectives, clarified the main directions of attack, adopted concrete measures, and made relatively sound developments.

First of all, the contract responsibility system for the contract teams was widely introduced. Liaoning, Jilin, Heilongjiang, Guizhou and Hunan were all in the course of organizing experimental units. The Shenyang city building engineering bureau reorganized the 83 construction teams of 5 corporations into 108 contract teams and introduced collective contracting, team responsibility for profit or loss, distribution according to labor, and democratic management. With unit projects as the targets and construction budget as the basis, the contract teams, according to their capacities, signed contracts for the whole year with the corporations to perform the work, supply the material and pay the expenses, and to be responsible for losses and retain the profit as reserve and appropriate bonuses. In contracting for jobs, arranging production, managing manpower, internal distribution and use of reserve, the contract teams possessed specific decision making powers, thereby further achieving the integration of production means with the laborers and effectively activating the workers'

proprietary enthusiasm. This year, the main technoeconomic norms of the said bureau increased by a big margin. It is estimated that there will be a 14-percent increase in output value, 20-percent improvement in labor efficiency, and 100-percent growth in profit and tax.

More than 80 units in 20-odd provinces and cities launched experimental units on the method of contracting according to the wages and output value. Liaoning and Jilin generally introduced it in all industries. As the method makes it possible to determine the total amount of wages according to the variable wage coefficient, it encourages the enterprises to hire less people, increase production and stress results, creating more contributions to the state and greater income to the workers. Not only the wage content in output value generally decreased from last year and the overspending on wages was basically checked, but the growth rate of the workers' personal income was lower than that of the enterprise labor production and profit rates, thereby ensuring the steady improvement of the overall economic results and the continuous increase of state revenue.

The method of contracting according to the construction cost per square meter on housing projects was trial introduced in large area in 10-odd provinces, cities and autonomous regions. Besides Liaoning, Jilin and Tianjin, it was adopted for 80 percent of the housing constructions in Henan's Zhengzhou, Luoyang, Kaifeng, Xinxiang, Pingdingshan and Anyang, and generally followed in Gansu's Lanzhou prefecture. For the Daban housing project in Hunan's Changsha, regardless of who made the investment and who contracted for the jobs, the method of contracting according to construction cost was uniformly followed. As a result three problems in housing construction were resolved: construction cost was controlled and lowered; wrangling between construction and building units was overcome; and the building industry freed from its subordinate position, thereby benefiting the introduction of independent accounting.

In terms of social supervision of engineering quality, besides the experimental units in Dalian, Xinzhou, Hegang, Xinhui and Wendeng, the work was actively launched in Jilin's Siping city and its counties and in the suburban counties of Beijing city. The sphere of function and power specified for the quality supervision inspection stations in Siping city is: Without inspection and approval by the supervision station, a completed project may not be handed over for use, and no payment may be made by the construction bank. After the quality level is attested, a notice is sent to both concerned parties, and the price is determined according to the quality. As proved by the practice of the experimental units, the implementation of this system encourages the enterprises to strengthen scientific management, improve the construction quality and prevent major accidents and so can produce a tremendous impact.

The method of public bidding on construction projects showed a strong vitality. Besides large-area popularization in Shenzhen and Guangzhou, Shenyang, Shashi and Siping successively launched trial introductions. This year the projects of the Shenyang city building bureau done by bids

submitted and negotiated totaled 55,000 square meters, and 16,000 square meters are already completed. Siping city's 21 projects done by bidding constituted 30 percent of the completed projects in the year. Last April, the town of Gongzhuling wanted to lay a sewer line, to be completed by the end November. Ten units submitted bids. By breaking through common practices and remolding the technology, a transport and installation company in Changchun city won the bid by halving the price charged by others. The project was completed and the quality was up to specifications. Launched under the guidance of unified planning, the method of public bidding has its special conditions. Under the situation where the price policy is irrational, the fee standard lacks uniformity, and the enterprises carry a heavy overhead, many problems in how to conduct the competitions under fair conditions require study and solution through experimental efforts.

Experimental units for the comprehensive development and commercialized operation of housing construction continued to grow. In the past 2 years, Changzhou, Zhengzhou, Shashi, Guilin, Bengbu, Hefei, Xiamen and Yanji, a total of 10-odd areas, created housing construction development organs, comprehensively developed this year, 20,000 units of housing for the market, covering 1.21 million square meters, and expect to complete 14,000 units, covering more than 700,000 square meters, by the end of the year. For small residential areas under comprehensive development, basically construction was completed and the units delivered for occupancy in the same year when work was started. Some cities utilized the method of comprehensive development to remodel entire streets and sections of the old quarters, thereby saving large construction areas and improving the urban appearance. The biggest advantage in comprehensive development is building and selling houses by economic methods, assembling funds from many quarters, reducing state investment, and creating conditions for gradually changing the situation of gratuitous housing assignment.

The reorganization and restructuring of the building industry were closely linked with the intensive activities to learn from "Haner" and "Dongfeng" and to popularize all-superior [units]. This year, "Haner" and "Dongfeng," the two advanced models, made new developments in all items of work and continued to outstrip the entire industry. It is estimated that the labor production rate for all personnel of "Haner" will reach 12,000 yuan, with 70 square meters of work completed per capita. The unit has led the nation for 5 successive years. Compared with the national average, they did the work of 12 years in 5. The "Dongfeng" construction company continued to follow the path of remolding, made new improvements in quality, and won the title of national advanced enterprises. Under the motivation of the advanced models, the activities to create all-superior units intensified, and large groups of advanced enterprises and basic units with 80 percent or more all-superior rates emerged.

By means of the work discussed above, the main norms of the entire industry this year made fairly large increases compared with last year. It is estimated that the work volume completed by state-owned building engineering enterprises will be 11.5 billion yuan, an increase of 12 percent over last year, the labor production rate of all personnel will be 6,000 yuan, an

increase of 10 percent over last year, both reaching relatively good historical levels, and the profit realized will be somewhat higher than last year. The quality and progress of the 47 key projects launched by our ministry this year were relatively good. Doing outstanding work in the project of guiding the Luan He into Tianjin, the sixth engineering bureau of the China Building Engineering General Corporation, for instance, won the commendations of the ministry and the Tianjin municipal government. Such key projects as the Yunnan Wuna Plant, Yantai Synthetic Leather Plant and Pingdingshan Curtain Material Plant were all completed in high quality and speed and put into production. In making up deficits and increasing profit, the statistics at the end of the third quarter show that the number of unprofitable enterprises dropped from 93 to 18, and the losses were reduced from 15.14 million yuan to 3.8 million.

Prospecting and designing also made good improvements. Design concepts grew more lively, and the monotonous and rigid housing styles somewhat ameliorated. Attention was given to the organic integration of form and function for public buildings, stressing interior decoration and exterior beautification, and a group of fine designs emerged, such as Guangzhou's Baitione restaurant, Shenzhen's Donghu guesthouse, Nantong's Wenfeng restaurant, Mudanjiang's Jingbo mountain villa, Wuhan's Chingchuan restaurant and Guangzhou's Panqi restaurant which all have their special features. The functional and tasteful Zhejiang University library is a fairly successful work among library designs. Shanghai's indoor swimming pool, built according to International Olympic standards, assimilated the designing experiences from inside and outside the country, and made innovations in preventing condensation and dripping and improving the physical functions. However, we must also solemnly point out here that our design thinking is still very conservative. Some buildings are unattractive in form, following the same stereotypes and possessing no national characteristics. There is much public criticism, and it must be improved. A large amount of work needs to be done in enlivening building design.

Scientific research and education work made a fairly significant advance. Building science and technology were included among the state's key items for priority development. We organized technical demonstrations on a national scale, compiled mid- and long-range developmental plans, launched task forces on key problems and technical remolding, and lowered resource consumption. Especially, by promoting use of steel forms, steel windows and steel doors and scaffolds, China's building industry saved large amounts of lumber for the state and made important contributions to easing the lumber shortage. In research on industrial waste, such as coal dust and gangue, and high polymer installation material, we have made encouraging progress. Under the guidance of the policy of science and technology serving production, we made fairly good results this year in sending experts abroad to observe, lecture and participate in cooperative research and technical personnel for training. Upon the request of the UN General Developmental Office, we held a coordination meeting participated in by nine countries on low cost building materials and construction setups. China's low-rise high-density housing, small prestressed components and solar power conservation were selected as items of exchange.

This year, the various areas and units not only performed large volumes of work in enlivening the economy and in restructuring and reorganization, but also intensively cracked down on serious economic crimes and criminal activities and did much work in eradicating spiritual pollution and strengthening the building of a socialist spiritual civilization.

## II. The Situation and Tasks Confronting Us

When discussing improving enterprise quality, remolding the cities and developing the building and building material industries at a State Council standing committee meeting last August, Premier Zhao Ziyang said that the building industry is considered in the West as one of the pillars of economic development. China's building material and building industries should make a great advance within this century. If properly handled, it will serve as a tremendous source of revenue and withdraw enormous sums of currency from circulation. How should China's building and building material industries be handled? We must organize a contingent, emancipate thinking, broaden vision and look ahead at the possible situations, developments, methods or promotion and orientation. We may organize some people with ideas to express their ideas freely, unrestricted by conventions, and, after studying, form an outline for inclusion in the long-range plans. Premier Zhao's speech concentratively reflected the serious attention of the Party Central Committee and the State Council on the industry. We have jointly formed a special group with the State Planning Commission and State Building Materials Bureau to seek the views of all quarters, collect information of all kinds, and start drafting the developmental outlines.

Made on the basis of intensively analyzing the economic developmental conditions of advanced countries and our own economy, Premier Zhao's important speech stressed again the position of the industry in the national economy. As we all know, all industrially developed countries underwent a phase when the building industry served as a strong pillar of the national economy. In the period of development between the thirties and the fifties, especially in the period of recovery after the war, capitalism urgently demanded a great advance of the industry in order to develop the economy and solve the housing issue. Consequently, the industry naturally became the mainstay of economic development. When the economy of the industrially developed countries in America and West Europe today begins to decline, their housing shortage has been basically solved, and the role of the industry as a pillar is no longer so noticeable, but its personnel is still among the largest in the various branches. The reasons are very simple: The level of housing, as a necessary consumption, continues to increase and renew; next, the establishment of rising industries likewise is inseparable from the development of the building industry. China's economy is in an ascendant period and, in the overall development of urban and rural construction, the housing conditions of the masses urgently await improvement. Under this situation, our building industry will doubtlessly flourish in the coming decades. As we all know, first, to achieve the magnificant goal proposed at the 12th Party Congress, we will build a large group of key projects with a

decisive impact on the national economic development. Next, to bring prosperity to the national economy, we must also launch technological remolding of the large groups of existing enterprises. Thirdly, the progress of urban and rural modernization urgently requires a tremendous development of such basic facilities as roads, bridges, water supply, drainage and electrical communication. Fourthly, the improvement of urban and rural material and cultural lives urgently calls for a corresponding growth in housing, cultural and sport facilities and various welfare institutions. In short, in the coming decades, the building market is broad in rural as well as urban areas. To establish a strong material base for four modernization construction, to create a favorable production and living environment for the people, and to provide large reserves for the state, the building industry must have a strong vitality and produce a greater impact as a pillar of the national economy.

The recent national planning work conference proposed that, in 1984, we continue to follow the policy of readjusting, restructuring, consolidating and improving the national economy and, under the premise of enhancing the economic results, ensure the continued growth of agricultural production. Investments in capital construction and technological remolding will be greater than this year, with larger increases in the state budget for key projects, and construction will begin on many of them. In terms of the building industry in the new year, the general demand is to continue to implement the spirit of the Jinan meeting, earnestly perform the practical work, focus on consolidation, restructuring, technological improvement, and the building of a spiritual civilization and, focusing on overall results, introduce target management, vigorously shorten the time limits for projects, improve quality and increase profit.

I will now make some explanations of the tasks to be performed.

### 1. Reorganization

In terms of the focus of next year's reorganization, while tackling the large enterprises, we must shift in a planned way toward the medium and small enterprises which are large in number and range over a wide area. The already reorganized enterprises which have been inspected and accepted must turn toward quality improvement and economic results. The reorganization of the building enterprises must hasten its pace and catch up with other branches. In terms of the 179 large enterprises under the ministerial system, it is estimated that the reorganization, inspection and acceptance will be completed on a cumulative 50 percent of them this year, and the remainder will be completed by the second half of next year at the latest. We must also concentrate on the collective building enterprises of the county level and above, focusing on reorganizing the leading teams, clearing up the debts, perfecting the economic responsibility system, reinforcing democratic management, and properly performing the basic work. In the reorganization of medium and small enterprises and collective enterprises of the county level and above, we must earnestly assimilate the experiences of the large enterprises and concentrate on the readjustment of the leading groups, before placing our reliance on the enterprises themselves for consolidation.

Next year, we must widely launch activities to create "six-good enterprises" among the reorganized, inspected and accepted enterprises. The ministry has tentatively decided to evaluate and select the "six-good enterprises" among the industry in the third quarter of next year.

## 2. Restructuring

Next year we will, in line with the restructuring outline proposed at the Jinan meeting, enlarge the sphere of experimental units and further hasten the pace. One problem today is that the restructuring measures of the superstructure are not comprehensive enough and the enterprises are under too many restrictive factors. The source of the problem is that the whole economy is still in the course of restructuring, and breakthroughs involving large areas are bound to encounter many difficulties. Yet we cannot sit back and wait, but must resolutely forge ahead and advance in spite of the difficulties, for otherwise we will accomplish nothing. Comrade Deng Xiaoping said that, in revolution and construction, we must have a group of pioneers who are courageous in thinking, exploring and innovating. Without them, we will have no way to cast off the poor and backward state. All areas and units which were fairly successful in restructuring in recent years had overcome layers of difficulties. While earnestly implementing the current policies, we must boldly reform the irrational systems. As long as we recognize the problems accurately, we must boldly reform and take the initiative to attack. In terms of the industry as a whole, we must concentrate in the near future on two things, viz., externally, the restructuring of the material supply system; internally, the responsibility system in operational contracting, assimilating the strong points of the collective enterprises, reforming the operational patterns of state-owned enterprises, and shifting from the pure production type to the production-management type, introducing overall development and commercialized management will conduce to shortening the time limits on projects, lowering the cost, using land rationally and accumulating funds for the state. It is an effective way to solve China's urban housing problem, and all qualified areas should do so. Commercialized housing is not just limited to housing, but may be applied to combined office buildings, combined industrial buildings, commercial service centers and apartments for young couples. Particularly in remodeling old quarters, we must give attention to the practice of establishing combined industrial buildings and make overall plans on light, handicraft and service industries, in order to develop production and promote planned urban construction. The method of planning one section at a time and profiting from it as it is developed proposed by Shenzhen city is a summation of practical experiences and deserves serious attention. It is the developmental direction of construction by economic means. In regard to the problems encountered in the trial introduction of public bidding, they have long been anticipated. Besides the problem of material supply, the main reason is that some state-owned building enterprises have no competitive capacity under the current systems and policies. We must face reality and solve the problems by seeking the truth from the facts. In public bidding, we must reinforce management, strictly scrutinize the qualifications, and launch competitions with

leadership. In case of difficulties in submitting bids, bid negotiation may be first carried out, combining task assignment and bidding. Nevertheless, one principle must be followed: We must not adopt a negative restrictive policy to protect the backward, and the engineering quality must be under public supervision. We must vigorously popularize next year the experiences proved successful by practice. If general popularization is difficult, we may first introduce them in medium and small cities. Once the quality supervision and inspection stations are officially established, the system must be firmly implemented. Without inspection by the stations, no project can be accepted, nor the accounts settled. To intensify the restructuring, we tentatively plan to hold an experience exchange meeting in the third quarter of next year to gather and exchange experiences in system reform. We hope that all areas will earnestly and properly concentrate on a group of typical models in preparation for the meeting.

Here, I wish to stress two things: First, on the issue of changing [the system of turning over] profit [to the state] to tax, we must make earnest investigations and studies and produce convincing material in preparation for the second step of the changeover and for the price readjustment of building products. Second, on the issue of liquidating funds, the "Urgent Announcement on Firmly Restraining Indiscriminate Price Hiking on Production Means and Apportionment of Construction Funds," issued by the State Council and the Central Discipline Inspection Commission received the serious attention of the urban construction and building departments of the various areas, which, under the unified leadership of the provincial, municipal and autonomous regional party committees and governments, adopted the measures of cracking down first and liquidating next and earnestly sorted out the various charges. The situation in building construction is as follows: Among the 111 funded items, 91, or 82 percent, were approved by the State Council, State Construction Commission, State Planning Commission and Finance Ministry and by authorized provinces, cities and autonomous regions; 3, or 3 percent, were approved by the ministries or general bureaus concerned; 2, or 2 percent, were approved by the prefectural and municipal levels; 15, or 13 percent, were made by the enterprises themselves and are awaiting investigation.

The liquidating and collecting funds, the various areas implemented the spirit of strict requirement and simultaneous liquidating and improving, not only scrutinizing the items listed among those requiring liquidation, but also taking the initiative to examine those not listed and the irrational charges. The results were submitted to the State Council in writing. We feel that we must correctly regard the problem of construction charges. Currently, the main pattern of account settling, instead of determining the price of building products according to the principles of commodity price management, is according to the budget quotas and the provisions on charge standards, charging for each item as it occurs. Today, just the civil construction quotas number more than 10,000, and the computation is extremely tedious. In addition, as some of the quota levels are on the tight side and the legal profit too low (only 2.5 percent), the enterprises have no way to compensate for the

frequent revisions of plans and the abnormal supply of material. Thus, all expenses related to the projects have to be charged according to the actual figures or paid by increasing the items of expenses. Such account settling pattern of "charging for the wind and charging for the rain" not only wastes large amounts of manpower and material, but also causes disputes between the construction and building units. To rationally control cost and propel the continuous improvement of enterprise operation and management, we must, in conjunction with the system reform, launch reforms on the methods of making charges practiced by the building enterprises, in order to truly implement the principle of independent accounting and sole responsibility for profit or loss in enterprise operation.

### 3. Technological Improvement

Comrade Zhao Ziyang gave a speech not long ago. His main theme was the fourth industrial revolution and our countermeasure. His central idea was that, with the rapid development of science and technology, a new industrial revolution may possibly occur at the end of the century or the beginning of the next. Its basic substance will consist of microelectronics, genetic engineering and new materials, and it will affect all realms of production and living and bring about new leaps and new changes in the social productive forces. We should recognize the prospect, seize the opportunity, strengthen ourselves and vigorously narrow our gap with modern science and technology. In terms of our building industry, due to its inherent characteristics, its distance from modern science and technology is fairly great. However, we must change the tendency of relying simply on physical strength, improvising and disregarding technological progress. In public bidding in the future, the presence or absence of competition mainly hinges on two things, viz., the level of operation and management and technological progress; without them, it will be difficult to survive. In this sense, whether or not we give serious attention to scientific and technological progress is a major matter concerning the life or death of the enterprises, and must not be treated casually.

In the past several years, we stressed technological progress every year and obtained some results, but basic changes were not obvious. For a time in the future, we must focus on the following items of work:

(1) Enterprise managers must give personal attention to technological progress. (2) Planning must be stressed. Without long-range planning on technological progress, we can only treat the symptoms as they appear, and have no means for sustained and sequential improvement. The goal of planning must focus on quality improvement and consumption reduction, and the plans must be vigorously implemented. (3) Serious attention must be given to the modern refitting of equipment. For a long time, our equipment management system has centered on maintenance and repair, paying attention only to the tangible wear and tear while overlooking the intangible ones, continuing to operate the high consumption and low efficiency ailing old machines rather than renewing the key items. Today we must, in conjunction with technological remolding, earnestly solve the problems,

particularly in regard to measuring, testing and surveying, and production equipment, whose refitting must be expedited. (4) To provide the necessary material means for the technological remolding of the entire industry, we plan to import or build some production lines in the future and, at the same time, actively develop the production of construction fittings and installation materials. We depend on three sources for the funds needed for import, viz., first, squeezing some money from the ministry; second, getting some money from the China Architectural Engineering General Corporation; third, collecting a part of the depreciation funds from the provinces and cities, so that everyone makes some contribution to the industry. The matter must be handled by a responsible mechanism. We hope that everyone will support this work and strive to present a batch of decent products before 1985.

#### 4. Creative Architecture

Many comrades are dissatisfied with our architectural designing, mainly the rigid layouts, monotonous forms and backward interior planning.

To promote architectural creativity, we must continue to launch discussions, correctly summarize the historical experiences, search for the ways of creativity, and rectify the ideology. Meanwhile, we must launch activities to evaluate and select superior designs throughout the country, establish superior models and vigorously produce modern designs bearing China's national styles and local features. Today, two main problems are found in designing: first, conservatism in design thinking and inadequate spirit of innovation; second, the fetters of systems and policies which tie the hands of talented designers and prevent the free play of good conceptions and innovative techniques. Economy, suitability and artistry are an indivisible whole. We must, in line with the general principles and policies of the state, fully respect the self-determining power of the architects, and assess the individual and collective designs under leadership and through consultative mechanisms of democratic evaluation.

We must pay extremely serious attention to housing designs. It is not only because of the volume and area of housing construction, but more importantly, because of their close links with the people's living. With the ever expending small-area construction and remodeling of old quarters in large sections, inappropriate planning and designing, besides being irrational and uneconomic in the overall economic results, will cause great inconvenience to the masses. A foreign architect said: "The mistake of the doctor puts a life underground forever; the mediocrity of the architect is a public eyesore forever." These words make good sense. Our comrades engaged in architectural designing have the responsibility and the obligation to make better designs for the people's housing and to achieve lively layout, economy, suitability, artistic form and appropriate environment, while giving attention to interior decoration and planning. On this issue, while starting from our current economic conditions, we must also consider future development and guard against the stupidity of attending to the present at the expense of the long

range, of being penny wise and pound foolish. The spirit of the above discussion was clearly expounded in the written comment made by the Party Central Committee and the State Council on the overall plan of the city of Beijing, and should serve as the guiding thought in our planning and designing.

## 5. Management of Collective Building Enterprises

Some of the things were already mentioned at a special meeting in Xian last September. The reactions to the meeting were favorable and the various areas are in the course of implementation. Developing collective enterprises, an important decision since the 3rd Plenary Session of the 11th Party Central Committee, must be firmly implemented. The general principle on collective building enterprises is consolidation and improvement, in order to actively develop the superiority of the collective economy. We must make the "government operated" collectives into truly "people operated" enterprises and fulfill the principle of "voluntary association, sole responsibility for profit or loss, distribution according to labor, and democratic management." In regard to the rural construction teams going into the cities to undertake jobs, some comrades hold different views, mainly concerned that the teams may get out of control and affect the quality of work. However, we must also realize that, with the development of the rural economy and the increase in construction jobs, the tendency of some rural construction teams to go into the cities for work is irresistible. A considerable portion of the maintenance and repair of urban residences and buildings in recent years was performed by rural teams. The leading comrades of the Party Central Committee and State Council have time and again affirmed the role of the rural construction teams. At the central work conference last June, Comrade Hu Yaobang said: "Jiangsu's capital construction teams are found almost nationwide. It is quite good." Comrade Zhao Ziyang received the representatives of the Jiangsu rural construction teams when he made an inspection tour of Karamay last August. We cannot deny that the rural construction teams have many problems in engineering quality and operational style, which must be solved mainly by reinforcing management. The State Council has unequivocally assigned the management of the rural teams to the urban and rural construction management departments of the various levels. We must justly and forcefully perform our functions, using and managing them as the case calls for. In the future, in regard to state-owned construction teams, we must focus on reforming the systems and reinforcing the economic, technical and management forces; in regard to urban and rural collective teams, we must stress consolidation and improvement, promoting integration, vigorously enhancing their technical quality and developing their superiority.

## 6. Ideological-Political Work

To strengthen ideological-political work, we must earnestly implement the spirit of Comrade Deng Xiaoping's instructions at the 2nd Plenary Session of the 12th Party Central Committee and fulfill the "Outline of Ideological-Political Work on Workers of State-Owned Enterprises (Trial Introduction)."

the "Outline" systematically summarized the experiences in enterprise ideological-political work since the founding of the nation, and prescribed teh tasks, substances, methods and principles for the new period. It is a programmatic document. The building construction teams today are in an important historical phase when the new is replacing the old. Properly handling the ideological education of the young workers concerns the future of our cause; therefore, the whole party must take part, feel an enthusiastic interest in them, intensively educate them on Marxism-Leninism and Mao Zedong Thought, and train them into a new generation of construction workers with ideology, ethics, culture and discipline.

We must stress actual effect in ideological-political work. In the project to divert the Luan He to Tianjin, the sixth engineering bureau of the China Building Engineering General Corporation combined meticulous ideological-political work with the correct employment of economic and administrative means, integrated strict organizational discipline with the principle of more work more pay and vivid and lively propaganda, brought ideological-political work to each and every link of construction and production, and made obvious results. At no time may we forget these two basic things: First, economics is the core of all work; second, ideological-political work may not be slackened at any time. Strong ideological-political work and a larger number of correct things will make it possible for us to effectively prevent and eliminate spiritual pollution, resist the corrosion of bourgeois and other nonproletarian ideologies, and uphold the four basic principles more successfully.

Comrades, next year is the 35th anniversary of the founding of the nation and a crucial year in completing the Sixth Five-Year Plan of the national economy. We must actively forge ahead, struggle vigorously, advance in giant strides, create new achievements and make new contributions.

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CSO: 4006/347

CONSTRUCTION

BRIEFS

CONSTRUCTION PROJECTS IN XIZANG--Lhasa, 5 May (XINHUA)--More than 700 engineers, technicians and support workers have arrived in Tibet from several other parts of China to help in the construction of 43 projects. The projects, mostly funded by the central government, are part of Tibet's development program designed to improve the energy network, communications and tourist facilities. They include power stations, hotels, schools, hospitals, cultural centers and small and medium-sized industrial enterprises. The 760 professionals come from Beijing, Shanghai and Tianjin Municipalities and Jiangsu, Zhejiang, Fujian, Shandong, Sichuan and Guangdong Provinces. With 98 percent of its budget provided by the central government, the Tibet Autonomous Region is one of China's least developed areas and is now the focus of nationwide support. For its part, the Tibet Regional Government has set up a special committee to make the transition to life on the plateau as smooth as possible for the construction workers and efforts are being made to supply their favorite foodstuffs locally. [Text] [OW050902 Beijing XINHUA in English 0744 GMT 5 May 84]

CSO: 4020/120

## DOMESTIC TRADE

### CONFERENCE ON LAUNCHING WORK IN SUPPLY OF MATERIALS

Shenyang SHICHANG ZHOUBAO in Chinese 6 Mar 84 p 1

[Article by Song Diankui [1345 3013 1145]: "Initiate a New Situation in Supply Work; Summarize Experience, Inspire Enthusiasm"]

[Text] Recently, the Bureau of Supplies of Liaoning Province convened a conference of the heads of the province's offices of supplies to determine the work tasks for 1984. Taking party consolidation as the key, we will continue to implement the spirit of the 12th Party Congress and create a new situation in supplies work.

In order to guarantee the satisfactory completion of this task, the conference set forth seven specific demands:

1. Enhance control of natural resources and ensure the completion of planned construction and production. Supply departments must work closely with the relevant departments to see that enterprises carry out the state plan, receive orders according to plan, fulfill contracts, and not draw on the material and natural resources distributed by the state and province without authorization. We must enhance management of the market for the means of production. Through many different means we must organize and expand natural resources outside of the plan and make up for insufficiencies in materials and natural resources.
2. We must continue to restructure the forms of supply and promote the contract supply of auxiliary facilities. This year, more than 50 percent of the amount invested in capital construction and technological transformation projects will be used for auxiliary facilities. The amount of production and repair materials used for auxiliary facilities should exceed 31 percent. We must clarify the tasks of contracts and strictly enforce their terms.
3. Taking cities as the key, we must rationally organize the circulation of materials. We must enthusiastically organize supply for enterprises subordinate to the central government and province that have already met their assigned production quotas. We must enthusiastically create conditions for those enterprises that have not yet carried them out and that have realistic quotas. We must use the city as the key to regulate the regional flow of goods, determine the best transportation lines and establish a supply network

with a rational layout. We must expand direct ordering from municipal goods enterprises such that any batch that is rationally processed goes directly to the user.

4. We must enthusiastically pursue recycling and fully tap the potential of the materials. We must strengthen management of consumption quotas and concentrate on fuel conservation and the recycling of timber.

5. We must do a good job of consolidating materials enterprises and improving their quality. This year, 70 percent of the materials enterprises must complete their consolidation tasks, concentrating particularly on consolidating the leading group. Enterprises must maintain high standards and strict requirements in checking upon delivery.

6. We must focus on scientific education and promote modernized materials management. We must strive to launch scientific and technological research and applications of circulation, play close attention to the training of personnel, and progressively institute a regular, institutionalized, and standardized education program for workers.

7. We must strengthen work in political ideology and engage in creating a spiritual civilization. We must do a good job in party consolidation and rectification of party workstyle. We must continue to be attentive to activities that undermine the economy, and other criminal undertakings.

12437

CSO: 4006/384

## DOMESTIC TRADE

### FAVORABLE RESULTS SEEN IN PRICE READJUSTMENTS

Changsha HUNAN JINGJI XINXIABAO in Chinese 5 Jan 84 p 7

[Article by staff commentator: "Last Year Hunan Province Achieved Favorable Results in the Readjustment and Restructuring of Prices; the Readjustment of the Prices of Cotton Cloth and Polyester Fiber Cloth Alone Caused an Average Gain of 2 Yuan per Person in the Province"]

[Text] In the first quarter of this year, Hunan Province, with increases and decreases, readjusted the prices of textile goods. At the conclusion of the readjustment, the retail price of cotton on the average rose 0.30 yuan per jin and the price of polyester cotton cloth dropped 1.2 yuan per jin. This caused the price parity ratio between cotton and polyester cotton to be reduced from 1:2.7 to 1:1.5. After the price readjustment, sales of polyester cloth compared to last year are expected to increase 57.1 percent and the sales of cotton will decrease 65 percent, and we will have achieved our anticipated goal of fewer sales of cotton cloth and greater sales of polyester cloth. The peasants also benefited economically: in the price readjustments of the "two cloths," the reductions were greater than the increases, and there was an average increase of approximately 2 yuan per person. From the viewpoint of a pricing system, we fundamentally changed the situation whereby nearly 25 percent of commodity prices were unreasonable.

Soon afterwards, in a planned way we raised the prices of glass, sulphuric acid, caustic soda, sulphur steel, ground phosphate rock, bricks, iron pots and 19 other products as well as railroad and telegraphing costs. We reduced the prices of filtered cigarettes, watches, alarm clocks, sneakers, color televisions and bicycles, sewing machines and 15 types of commodities produced in the province. As for farm goods, we appropriately raised the prices of a number of traditional Chinese medicines such as bark of eucommia and honeysuckle and reduced the prices of limonene and gluish dogbane. This had an excellent effect on solving the problems of irrational prices for a number of goods and the contradictions in supply and on developing production, vitalizing circulation and promoting a coordinated development of the national economy.

Furthermore, we changed the method of price management for three types of industrial goods. On the basis of progressive developments in the previous 2 years, we also launched 63 small commodities, and responsibility for fixed-price consultations was delegated from the state to the industrial and

commercial enterprises. At present, the authority for the price management of goods in the six categories (everyday use, culture, hardware, small manufactured goods, knitting and household goods), excluding the 27 types still determined by the state, had been opened up, and fixed-price consultations are held by industrial and commercial enterprises. In addition, these businesses have also been delegated the responsibility for 83 types of small medicines and medical equipment. After the restructuring, we aroused the enthusiasm of both production and management and changed the longstanding situation whereby small-commodity production was unable to suit the needs of the consumers. According to an examination of Changsha and Hengyang, the production of small commodities by these two cities increased from 640 types to 840 types. Prices for the small commodities managed by the Changsha everyday goods centre were reduced 7 percent and the producers, managers and consumers were all satisfied.

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## DOMESTIC TRADE

### INCREASED SALES OF HEILONGJIANG'S PRODUCTS IN SHANGHAI

Harbin HEILONGJIANG RIBAO in Chinese 7 Mar 84 p 2

[Article contributed by Heilongjiang's government office in Shanghai: "Sales of Heilongjiang Province's Products in Shanghai Increase; Heilongjiang's Purchasing Agents Enthusiastically Market Goods; Such Problems as Inferior Quality and High-priced Products, Second-rate Packaging and Weak Information Must Promptly Be solved"]

[Text] Heilongjiang's purchasing agents in the Shanghai area, in order to develop the province's economy and suit the needs of the "four modernizations," have adopted many sales methods and enthusiastically promoted the sales of Heilongjiang's products. According to incomplete statistics, last year the sales of local products coordinated by the province's relevant departments totaled 15.5 million yuan, a 39 percent increase compared to 1982.

We used the stockpiling of goods to support sales. We combined the stockpiling of goods with sales, and on one hand made contracts for stockpiling goods and on the other hand made contracts for supplying goods. This was mutually beneficial, as we helped supply each other's needs. Adopting this method, we took 42 types of Heilongjiang's products and entered them into the markets of 12 provinces and cities of the lower Yangtze River region. In 1 year we marketed a total of 8.64 million yuan in local products, a 1.37-fold increase compared with 1982.

We employed many measures to popularize Heilongjiang's products. We used Shanghai's newspapers, radio broadcasts, television and billboards, enthusiastically launched many different forms of advertising, expanded the interest of the consumers from the Southern Yangtze River area in Heilongjiang's products, and further opened up sales. In this respect, the medical industry made great breakthroughs: in the entire year it marketed 3.91 million yuan of Heilongjiang's local products, a 25.7 percent increase compared to 1982.

We launched work in exhibition sales and commission sales. The chemical industry rented street billboards for Shanghai's Chemical Industry Commodities Fair and displayed products from Heilongjiang's 12 factories. In 1 year the sales totaled 370,000 yuan. The materials industry made an agreement for mosaics with Shanghai's Chuansha County, and sales totaled 200,000 yuan. The office of machinery established connections with Shanghai's relevant

companies, stations and stores and assisted in the sale of 200,000 yuan insulation, as well as honggang papers [honggangzhi 4767 4854 4786] and other materials.

Door-to-door sales opened up sales channels. Under the circumstances of the entire country being overstocked with penicillin, representatives of the Harbin Medical Center enthusiastically engaged in marketing work and, by dividing up, sold 1.91 million injections of penicillin. The representatives of light industry made door-to-door sales in Huangshan, Xixian and Ma'anshan of Anhui Province and the Zhangjiang Region of Guangdong Province, and their sales totaled 500,000 yuan. At the same time, they probed market demand conditions and established business connections.

We strengthened cooperation with other provinces having offices in Shanghai. Through printing and distributing catalogues of our products on sale, we sent people to each office in Shanghai to make connections, acted as go-betweens for Heilongjiang's relevant departments and sold a large number of bean cakes and soybean and sunflower seeds.

We utilized consultative services and opened up our foreign and domestic markets. Through the introduction of consultative services, we sold for our agricultural industry 30,000 yuan of dog salmon to Shanghai's large hotels. The machine industry and Shanghai's electrical products industry established a long-term connection for a foreign consultative company, and this has introduced many foreign customers to Heilongjiang province.

Although we have achieved definite success in promoting the sales of our products in Shanghai, we still have not met the need for developing Heilongjiang's commodity production and stimulating the economy, commodities are of inferior quality and high price and have low-quality packaging, transport capabilities are in short supply, "sales are emphasized and marketing is ignored" and information work is weak. These and other problems must be urgently resolved.

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CSO: 4006/384

## FOREIGN TRADE

### SHANGHAI'S TRADE, BUSINESS ACTIVITIES DESCRIBED

OW250951 Beijing XINHUA in English 0738 GMT 25 Apr 84

[XINHUA headline--"China's Biggest Trading Port"]

[Text] Shanghai, 25 April (XINHUA)--Shanghai, China's biggest port city, concluded 262 transactions with foreign firms in technology and equipment with a total value of 216 million U.S. dollars in 1983, according to the municipal Foreign Trade Bureau. The number of items to be imported and trade volume are expected to double this year.

Technology and equipment imported last year came from a dozen countries and regions including the United States, Japan, the Federal Republic of Germany, Switzerland, Italy, the United Kingdom, France and Hong Kong. Federal Germany accounted for one-third of the total, followed by Japan and the United States, making up one-fifth and one-sixth of the imports respectively.

One-seventh of China's exports go through Shanghai, which has contacts with 10,000 firms in 160 countries and regions. Fifty foreign enterprises and banks have branch offices here. Thirty-seven of them are from Japan and nine from the United States.

Shanghai's export registered a substantial increase during the worldwide recession of 1983, due to the flexible policies adopted by the municipal authorities and the greater power of decision given local enterprises. Transactions involving 10 million U.S. dollars or less can now be decided by the local government.

Introduction of up-to-date technology and equipment is one of the measures taken by Shanghai to transform existing enterprises and upgrade the local industry's technical standards. Shanghai is striving to reach the world's industrial levels of the late 1970s or the early 1980s by the end of the seventh 5-year plan (1986-1990).

Shanghai also holds regular export commodity fairs and exhibitions and operates sole stock and joint ventures abroad to boost foreign trade. Export of Shanghai-made products increased by 4.7 percent in 1983 over 1982.

In recent years, Shanghai has shifted its focus in trade to joint venture, joint management, leasing, development investment and other forms of cooperation.

Foxboro, Citico, Florasynth, E. R. Squipp and Sons, and Amaee companies from the United States have run a dozen joint ventures in Shanghai in meters, essence, medicine and petroleum.

The new industrial areas, Minhang and Hongqiao in the suburbs of Shanghai, have been recently designated for the expansion of joint venture enterprises and similar preferential treatment will be provided for overseas investors as those in the special economic zones.

Shanghai will solicit more foreign funds and import 1,000 items of technology in 1984 and 1985 while upholding the principle of self-reliance.

The city will continue to cooperate with business people from other countries and Hong Kong in a variety of ways. The major areas for cooperation include the metallurgical, petrochemical, electronics, machine-building, building materials, light, textile, municipal engineering, transportation and tourist industries.

CSO: 4010/81

FOREIGN TRADE

NEI MONGGOL SEEKS MORE FOREIGN FUNDS, TECHNOLOGY

OW080805 Beijing XINHUA in English 0649 CMT 8 May 84

[Text] Hohhot, 8 May (XINHUA)--The Inner Mongolia Autonomous Region, one of China's five major pastoral areas, plans to import key equipment and technology for 42 technical transformation projects, according to the regional authorities.

This will involve 11.95 million U.S. dollars, the authorities said, thus bringing the total amount of investment in technical transformation of old enterprises this year to 330 million yuan. The money will mainly be used to upgrade enterprises in electronics, machine-building, light industry, textiles, building materials and food processing.

Work has already started to execute the food processing development program aimed at raising the dairy processing technology. Negotiations on importing technology and equipment are underway.

The autonomous regional government has recently decided to expand the scope of cooperation with foreign firms and step up the pace in technical import, Zhou Rongchang, chairman of the Economic Committee of the autonomous region, said

There are now more than 7,000 industrial enterprises in the region. Many need technical transformation.

The region signed 40 contracts between 1980 and 1983 for importing technology and equipment, involving 8.7 million U.S. dollars. Partners of the cooperation projects included firms from Japan, France, Switzerland, Denmark, Federal Germany, New Zealand, the United States and Sweden.

CSO: 4020/119

FOREIGN TRADE

GUIZHOU SEEKS FOREIGN FUNDS, TECHNOLOGY

0W061257 Beijing XINHUA in English 0649 GMT 6 May 84

[Text] Guiyang, 6 May (XINHUA)--Guizhou Province in southwest China plans to seek foreign investment and technology for 29 projects this year, according to provincial authorities.

The projects are mainly in the metallurgical, light, building materials, machine-building and electronics industries. They will need a total investment of 438.5 million U.S. dollars, of which nearly half are expected to come from abroad.

So far, contracts have been signed to set up a marble factory in cooperation with an Italian company and a factory for processing duck's down with Hong Kong investment.

Wang Chaowen, governor of Guizhou, said that the province welcomed foreign economic and financial organizations, enterprises and business people as well as compatriots from Hong Kong, Macao and Taiwan to invest and help develop the rich natural resources there.

He said in a report to the latest provincial people's congress session that Guizhou would provide investors with favorable terms with regard to taxation, prices and transportation within the framework of state policies.

Guizhou is a mountainous province, with rich mineral resources such as phosphorus, aluminum and manganese and a number of non-ferrous and rare metals. But the province is economically less developed than many other places in China.

To speed up development, the province has decided to seek both foreign and domestic funds and carry out cooperation in all possible forms.

According to the provincial government, Guizhou has signed contracts with 13 provinces and municipalities including Hubei, Jiangsu, Guangdong, and Henan for loans totalling 29.8 million yuan to be used for planting fast-growing trees on 40,000 hectares in mountainous areas.

In addition, 131 projects in economic and technical cooperation, personnel training, and material supply are underway with Sichuan, Yunnan and Hunan Provinces, the Guangxi Zhuang autonomous region and Chongqing City in Sichuan.

FOREIGN TRADE

BRIEFS

GUANGZHOU TRADE FAIR--Guangzhou, 5 May (XINHUA)--Twenty-two joint ventures using Chinese and foreign capital attended this year's spring session of the Guangzhou export commodities fair, which closed today. Only 17 joint ventures attended the previous session, a spokesman for the fair told XINHUA. The total volume of business by joint ventures was one third more than during the previous session. "This in a way indicates the initial success of China's open policy," he said. [Text] [OW052151 Beijing XINHUA in English 1458 GMT 5 May 84]

EXPORT GOODS EXHIBITION--Wuhan, 10 May (XINHUA)--Hubei Province and Wuhan City will hold an export products exhibition in Oita City, Japan, between 13 and 24 September. This will be part of the celebration activities marking the fifth anniversary of the establishment of sisterly ties between Wuhan, Hubei's capital, and Oita, according to a senior foreign trade official of the province. A total of 787 varieties of goods for export will be on display, including textiles, handicrafts, machinery, minerals, medicine, food and animal by-products. Wuhan and Oita became sister cities on 7 September 1979. [Text] [OW101335 Beijing XINHUA in English 0706 GMT 10 May 84]

CSO: 4020/119

## LABOR AND WAGES

### BRIEFS

LABOR FORCE STATISTICS--Beijing, 4 May (XINHUA)--Over 39 million more people have been provided with jobs in the past five years in China, according to the State Statistical Bureau. The newly employed account for one-third of China's total urban workforce which reached 117.46 million by the end of 1983, a bureau spokesman said. Included in the newly-employed workers and staff were urban people waiting for jobs, city-educated youths who had settled in the countryside during the Cultural Revolution of 1966-1976 and since returned, new graduates of colleges, secondary technical schools, ex-servicemen, and other jobless people. Of the newly-employed, 24.44 million went to state-run establishments, 12.56 million to collective units and 2.16 million fell into the self-employed category. The influx of new workers has expanded the collective and self-employed sectors and improved commercial, catering and other services in cities. [Text] [OW040901 Beijing XINHUA in English 0758 GMT 4 May 84]

CSO: 4020/123

GENERAL

ON THE THEORETICAL BASIS FOR REFORMING THE ECONOMIC SYSTEM

Beijing JINGJI RIBAO in Chinese, 26 Jan 84, p 4

[Article by Zhou Shulian [0719 0647 5571]: "On the Theoretical Basis for Reforming the Economic System"]

[Text] The reform of the economic system is an important guarantee in carrying out the "four modernizations". The reform of the economic system must be implemented throughout the course of realizing the "four modernizations". At present, the reform of our nation's economic system is being carried out with leadership and step by step, creating a new situation of prosperous development in production. But we should notice that the task of reform is arduous, every step forward may encounter many kinds of complex problems. Solving these problems needs to be guided by theory. The theory used as the guide not only determines the content and method of reform, but also determines the direction and the goals of reform. Therefore, exploring the theoretical basis for reforming the economic system has an important and practical significance.

The reform of our nation's economic system is led by Marxism-Leninism and Mao Zedong thought to further perfect the socialist system and thus create an economic system suitable to our nation's situation so that productive relations will suit productive forces and the superstructures will suits the coordinated development of the economic foundation.

Should this reform be based on one or certain viewpoints of Marxist economic theory or should it be based on the entirety of the Marxist economic theory or even the entirety of Marxism? The so-called economic system is the economic management system. It refers to the concrete form of economic relations and the fundamental system of managing the national economy. Our reform this time involves not only reforms in certain areas but an overall reform, therefore it will involve the management of all economic relations and the entire national economy. In the past few years, some reforms of the economic system we carried out were based on the entire theory of the socialist political economics of Marxism. Of course, when carrying out reforms in a certain area, related theoretical viewpoints are important but we must also consider various other related theories. We must also note that although the economic system is by nature

a question of productive relations, it also includes aspects of the superstructure. Therefore, our reform this time takes the entirety of Marxism as its theoretical basis, including its philosophy, political economics and its theory of scientific socialism as the guiding ideology so as to guarantee that the reform will follow the correct path and progress victoriously.

In general, the reform of our nation's economic system is still a partial reform, but visible results have been achieved. In the reform this time, we have made a lot of progress in correctly understanding and utilizing the theoretical viewpoints of Marxism. The following points are worth pointing out here:

I. We clarified that productive relations must suit the level of development of productive forces. Productive relations must suit the nature and the level of development of the productive forces. This is the fundamental principle of historical materialism of Marxism, and it is also the principle which we should follow first in handling questions of productive relations. But, under the ideological guidance of the "left" in the past, we unilaterally emphasized the reaction of reforming productive relations on productive forces, mistakenly believed the "bigger" the scope of the public ownership system the better, the more "public" the degree of socialization the better, therefore we violated this principle for a time and blindly pursued "biggness" and "public ownership", carried out "massive transitions", and cut the "tail of capitalism", unilaterally enlarged the scope of the economy of the system of ownership by the whole people, neglected and weakened the economy of the collective ownership system, shunned and even abolished the individual economy, and caused the national economy to suffer severe losses. The Third Plenum of the 11th Party Central Committee established the fundamental guiding principle of shifting the emphasis of work of the entire party to the realization of the four modernizations, brought order out of chaos, and corrected the various kinds of mistaken concepts that violated this principle. The resolution of the Sixth Plenum of the 11th Party Central Committee clearly pointed out, "the reform and the perfection of the socialist productive relations must suit the productive forces and must benefit the development of production." Based on this principle, we determined that at the present stage in our nation, we must implement an ownership structure in which many types of economies coexist for a long period and in which the state-run economy takes the lead, the collective economy is an important part and the individual economy is a supplement. At present, not only has the collective economy in the cities and towns in our nation developed greatly, the individual economy has also developed appropriately, and the old limitations imposed by the belief that one ownership system can be operated only by one way has been shattered, and we made clear that the method of doing business must also suit the situation of the productive forces. In the rural areas, various forms of the system of linking production to contracted work were implemented. They stimulated a prosperous development in agricultural production. In the cities, we also explored various appropriate ways to do business for

industrial and commercial enterprises based on this principle and according to the characteristics of the cities. It can be seen that it is the basic principle of historical materialism of Marxism that provided an important scientific basis for us to establish the correct principle of the long lasting coexistence of many types of economies and the method of diversification.

II. We clarified that state-run enterprises must have relative independence and necessary autonomy. Traditional economic theory believes that all sectors of a socialist society shall be managed by the entire society. The whole society is a large factory. An enterprise is a shop in this factory. Based on this understanding, past enterprises were like the beads of an abacus. The higher echelon administrative agencies moved them up and down and moved them about. Enterprises did not have relative independence and autonomy. Comrade Mao Zedong once pointed out, enterprises should be allowed to have relative independence and necessary autonomy. This is an important development of the socialist economic theory of Marxism. But, this idea was not implemented well. Under the ideological guidance of the "left" in the past, it was difficult to implement it correctly. In recent years, after bringing order out of chaos, we negated the view of the traditional economic theory, we made clear that the state-run economy is a relatively independent economic organization, and it is a cell full of vitality in the national economy. Every state-run enterprise should shoulder economic responsibility and possess rights it should have, and it should have its own benefits which are uniform with the benefits of the state but not entirely the same. Based on this kind of understanding, this reform did not emphasize mainly the division of power between the central authority and the localities as in the past. Instead, reforms were implemented by expanding the autonomy of enterprises in the economy of the system of ownership by the whole people. Now, many enterprises have already been given to varying degrees the authority to draw up production plans, to sell products, to keep a percentage of the profits, to select and purchase materials, to use their own funds, to distribute monetary awards and to hire and fire cadres. Therefore the enterprises have strengthened their vitality. Facts prove that the direction of the reform is correct. Through further reforms, our final goal is to let state-run enterprises implement independent accounting and bear their own profit and loss under the guidance of uniform policies and uniform plans of the state. Lenin once said, "the establishment of every trust and enterprise on the foundation of the economic accounting system is to let them shoulder their own responsibility, and it is complete responsibility, so that the enterprises themselves will not suffer losses" ("Complete Works of Lenin", Volume 35, page 549). This is also one of the important theoretical bases of our reform.

III. We made clear that we wanted to greatly develop the socialist production of commercial products and the exchange of commercial products. Marx once thought that the relation between commercial products and money would not exist in a socialist society. Lenin quoted and affirmed this Marxist viewpoint in his work "The State and Revolution". But later, Lenin emphasized the use of the relation between commercial products and money

to develop commerce and to stimulate the revival and development of the socialist economy when he summarized the lessons of communism during the time of war in Russia and when he proposed a new economic policy. But Lenin died early, it was not possible for him to tell us how we should correctly handle the production of commercial products and the exchange of commercial products after socialist reform has been completed. A long time popular view on this question was Stalin's viewpoint. Although Stalin recognized that the relation between commercial products and money existed between the economies of the two types of public ownership, he denied that the productive materials flowing between state-run enterprises were commercial products and money existed between the economies of the two types of public ownership, he denied that the productive materials flowing between state-run enterprises were commercial commodities, and he believed the laws of value did not regulate the production of raw materials in agriculture. Stalin's view emphasized limiting the production of commercial products and shunned market adjustment. The traditional economic system overly emphasized administrative control, neglected the utilization of economic means, and inappropriately limited the production of commercial products and the function of the laws of value. These shortcomings were internally related to the certain one-sidedness in Stalin's theory. Through learning and summarizing experience and lessons, now a majority of our nation's economic workers and economic theorists believe that the relation between commercial products and money not only exist between the economies of the two types of public ownership systems, the relations between commercial products and money also exist within the economy of the system of ownership by the whole people, and at the same time they believe the laws of value serve a definite regulatory function in the socialist production of commercial products. Thus they have broken away from Stalin's confines concerning this question. The resolution of the Sixth Plenum of the 11th party congress clearly pointed out, "we must develop the socialist production of commercial products and the exchange of commercial products." Based on this understanding and at the same time on the theory of planned economy and other related theories of Marxism, we made clear that in reforming the economic system we must implement the principle of taking planned economy as the key and market adjustment as supplementary, that a rational economic system must benefit the development of the socialist production of commercial products and the exchange of commercial products. Our main task in reforming the planning system is not only to correctly separate command type plans, guiding plans and the scope of market adjustment, we must strengthen the means of economic adjustment. While learning how to effectively utilize legal and administrative means, we must also learn to utilize prices, taxes, credit and loans, wages and monetary rewards and such economic levers to regulate the national economy. Whether we implement command type plans or guiding plans we must self conscientiously utilize the laws of value. We must adjust prices upwards and downwards under the prerequisite of maintaining basically stable commodity prices, compare prices well, use differential pricing and auxiliary prices to regulate the production and sale of certain products. We must rationally distribute profits. At present, we must especially grasp and perfect the taxation system so as to better handle the economic relations between

the state and the enterprises, the central and the localities, and the various sectors so that enterprises can implement independent accounting and bear their own profit and loss according to national policy.

IV. We made it clear that we must firmly implement the principle of distribution according to work. Under the ideological guidance of the "left" in the past, the Marxist theory of distribution according to work was also neglected and was distorted. During the ten years of upheaval, Lin Biao and the "gang of four" recklessly destroyed distribution according to work. They said it was an old thing of capitalism and the basis of bringing about capitalism. After crushing the "gang of four", after bringing order out of chaos, we revived the good reputation of distribution according to work, we affirmed that this was the principle of distribution of socialism. Insisting on distribution according to work is also an important guiding thought in this reform. Especially in reforming the wage system, we must pay attention to implementing this principle. Now, egalitarianism is still severe. Correctly implementing distribution according to work is still an important and complex task. It is worth pointing out that Marx made the proposal of distribution according to work with the prerequisite of unified distribution within the entire society and the abolition of the relation between commercial products and money. Now, enterprises must have relative independence, and it is not possible to implement unified distribution within the scope of the whole society. We must greatly develop the socialist production of commercial products and the exchange of commercial products.

When we implement distribution according to work, we must take into consideration some objective situations which are different from what Marx had thought. Within the state-run economy, we must implement a two-level distribution. The state controls only the enterprises and the enterprises must solve the wage problems of workers according to state regulations. The state must control the number of workers, the total wage and establish wage standards. In this way, wages of workers in well-managed enterprises can be higher than the state's standards, and wages of workers in poorly managed enterprises can only be lower than the state's standards. When handling the question of wage distribution, we must not only consider the requirements of the principle of distribution according to work, we must also consider the proportional relationship between production level and the two main categories, the proportional relationship between accumulation and consumption and the requirements of expanded reproduction. At the same time, we must strengthen ideological education in socialism. It can be seen, the handling of the question of distribution is mainly based on the theory of distribution according to work, but at the same time, we must also base it on the entire theory of the socialist economy of Marxism.

V. We made clear that we must start out from China's situation and establish a socialist economic system with Chinese characteristics. In the past, we regarded the Soviet economic system formed under Stalin's leadership as the only model of a socialist economy. Since the Third Plenum of the 11th party congress, we relied on the spirit of liberating

in training and seeking true rural arts and realized that a fixed model for socialist productive relations does not exist. Our task is to start out from China's situation to create at each stage a concrete form of productive relations that are suited to that stage and which can facilitate continued progress according to the requirements in developing our nation's productive forces. Comrade Deng Xiaoping said: "Whether it is in revolution or in construction, we must all pay attention to learning and borrowing from experience. But, copying and transferring foreign experience and foreign models exactly will never be successful." ("Selected Works of Deng Xiaoping," page 37). In recent years, we did this in our reform of the economic system. In the future as we continue to carry out reform, we must also insist on doing this. This coincides with combining theory and practice as advanced by Marxism and it coincides with Marx's analysis of concrete situations. Lenin once said, Marxist theory must require concrete analysis of each, special historical situation. This also shows that our reform of the economic system still requires Marx's philosophy as the guide.

Summarizing the above, this reform of the economic system will involve a series of major theoretical questions, therefore it must be theoretically based on the entirety of Marxism. Some time ago, Deng Xiaoping told us to summarize experience in time during the course of reform, i.e., on the principle of linking theory with actual situations. It is also the responsibility of the questions that have risen during the reform, and to analyze and discuss theoretical questions. This is the source of action, stimulating and stimulating the development of theory. It is also the source of practicing theoretical guidance. We must do this in present times. Practice shows that under the guidance of the theory, theory must be tested, combined with practice and never cease to refine, develop, and understand, and theoretical standards also must be set. The reform of our nation's economic system to proceed healthily.

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CSO: 4006/328

GENERAL

DEVELOPMENT OF YUNNAN'S INDIVIDUAL ECONOMY DISCUSSED

Kunming YUNNAN RIBAO in Chinese 7 Mar 84 p 1

[Article by staff commentator: "Yunnan's Urban and Rural Individual Industrial and Commercial Businesses Have Increased in Number to More Than 130,000; Jingpo, Belong and Other Minority Regions Also Have Individual Industrial and Commercial Businesses"]

[Text] Up until the end of last year, the number of registered individual industrial and commercial businesses in the city and countryside increased to more than 130,000, and 172,000 people were involved. Of these, development of individual industry and commerce in the countryside increased particularly rapidly, has already reached over 98,000 businesses and is 2.7 times greater than the number of individual industrial and commercial enterprises in the cities and towns.

Individual industrial and commercial enterprises give play to business characteristics that are flexible, decentralized and broad. They have an outstanding supplementary effect on promoting the development of agricultural production and on stimulating the economy. In the past, Yuxi Prefecture depended on the collective grain of grain departments and cooperatives everywhere to replace potatoes. Losses were incurred and needs not met. Currently, the transport of goods by individual businesses has basically met this production requirement.

Many of Yunnan's villages are located in mountainous and semi-mountainous regions, and the state-run and collective commercial network is inadequate. The development of individual industry and commerce has had a positive effect on further stimulating commodity production in the mountainous regions and on improving the livelihood of the people. According to incomplete statistics, at present there are more than 50,000 individual industrial and commercial businesses in the mountainous and semi-mountainous regions. The Jingpo and Benglong nationality regions, which are not easily accessible to business, have always had individual industrial and commercial enterprises. The individual businesses of the Mengxi Cooperative of Luxi County developed from 8 in 1982 to 34 in 1983. Jinping County already has 252 individual businesses run by Hani, Dai, Miao, Yao and other nationalities as well as by the Kucong people, and this number constitutes 31.3 percent of the entire country's individual industrial and commercial businesses. The people of these areas happily say that, with the individual enterprise set up in the mountains, we spend less time running around, we have more time to work at production and our lives improve year after year.

## GENERAL

### EXPERIENCES, PROBLEMS IN PLANNED MANAGEMENT

HK220350 Beijing JINGJI GUANLI in Chinese No 4, 5 Apr 84 pp 8-10

[Article by Ding Changqing [0002 7022 7230]: "Experiences and Problems Concerning the Implementation of the Three Forms of Planning Management in the Machine-Building Industry"]

[Text] In the process of the reform in our planning system, the machine-building industry has adopted, in accordance with the principle of "regarding planned economy as the core and supplementing it with the regulation of market mechanism," put forth by the CPC Central Committee, three forms of management in its planned management. These three forms are mandatory plans, guidance plans and regulation by market mechanism. The machine-building industrial sector has achieved certain good results in applying these three forms of planned management, but there are still some concrete problems which need examination. Now I am going to give my brief views on the three forms of management in the light of the machine-building industrial sector's practice in the past few years.

#### On Mandatory Planning

Our practice in the 30 and more years since the founding of the PRC has proved to us that mandatory plans are indispensable in our socialist planned economy. Mandatory plans are an important embodiment of the socialist ownership by the whole people in organizing and managing production. It is a fundamental measure for the state to exercise, on behalf of the interests and will of the whole people, its centralized leadership and planning over social economic life. Without mandatory plans, it will be impossible for the state to perform its function in organizing social economy and thus play the role that it must play.

In the process of reform during the past few years, some new problems have emerged in implementing mandatory plans: 1) When we are carrying out a reform in our [word indistinct] unitary method of management by mandatory plans, we slackened control over the important economic activities that must be governed by mandatory plans. According to our incomplete statistics, in 1979 the mandatory plans issued by the state governed the production of 86 percent of its annual gross output value, but in 1980, the percentage dropped to 54 percent and in 1981, it tumbled to 20 percent. The number of tasks governed by mandatory plans were small even for some key backbone enterprises that were

vital for the entire situation of our national economy. For example, in the past 2 years, the upper level did not assign any mandatory plans to the No 1 heavy machinery plant. From 1981 to 1982, output governed by mandatory plans constituted less than 10 percent of the annual gross output value of the Xian electric machinery manufacturing company. This inevitably caused the state to lose its control over some important goods and materials, made it impossible for the state to ensure the supply of major mechanical and electric products for its key construction projects, and made it difficult for the state to strike a balance between the supply and demand of materials and goods. 2) Quite a few of the targets of the mandatory plans were fixed in a very subjective and blind manner. In the process of management by plans, we often suffered losses caused by the erroneous policy decisions of principal responsible departments. For example, certain departments blindly decided to switch machine-building factories to producing light industrial goods without either conducting deep-going market research or carrying out an economic and technological feasibility analysis. Some of them told boiler plants to produce bicycles and others told tractor plants to produce sewing machines and so forth. As there was no similarity in the structure of products or in technology, these plants could use their previous equipment or give play to their technological strong points. As a result, what they achieved could not compensate for their losses. Some of these factories underwent lots of twists and turns and suffered millions of yuan in losses, but eventually they had to return to their old line of production. Others have already pulled down or sold their previous equipment and are therefore unable to return to their old line of production even if they want to.

All these facts have showed that while we have been implementing mandatory plans for a few decades and thus gained many experiences, there are still quite a few problems to be solved. At present, we should first fix a rational scope for our mandatory plans. This scope should not be all-inclusive; for this will mean too much control. However, we should not relax our control over the major economic activities that are vital to the state's plan and the people's livelihood. We should concretely and appropriately fix the scope of mandatory plans in accordance with the direction pointed out by Comrade Deng Xiaoping, namely, the direction of "centralism and unification being necessary for major issues, major projects, and major areas or the most important aspects of some issues," and do this in the light of the characteristics of various trades. We should set up, as soon as possible the responsibility system geared to the making of economic policy decisions so that the decisionmakers' reputation, promotion, demotion and economic interests can be directly linked with the results of their policy decisions. Thus we will adopt measures related to our systems to prevent the malpractice of "ordering people about blindly." We should newly establish and strengthen the advisory organizations of intelligence and consultation that are necessary for the satisfactory making of policy decisions. These organizations will provide various kind of data and information and various alternative suggestions and schemes for the making of policy decisions so as to make our mandatory plans more scientific. We should probe into and formulate a series of management systems and methods related to our mandatory plans, clarify the relations between, and responsibility shouldered by various circles in implementing these plans in order to ensure their implementation.

## On Guidance Planning

Since the 3d Plenary Session of the 11th CPC Central Committee, our economics theoretical circles have made a major breakthrough in their discussion of the problems related to plans and the market. Most people have accepted the viewpoint that commodity production and exchanges still exist in a socialist society and the law of value still plays its role of regulation in a relatively wide scope. On the basis of the above-mentioned common understanding and in addition, taking into account the uneven development of the productive force in our country and the complicated situation of supply and demand in our society, it is impossible for our state to include the production activities of hundreds of thousands of its enterprises in its mandatory plans and thus directly arrange their production and allocate their resources. This requires that, while adhering to mandatory plans, the state should seek another form of planning that not only enables the enterprises to carry out their production under the unified plans of the state but also makes it possible to give play to the initiative of the enterprises in enlivening their production and management. The implementation of guidance plans precisely reflects this demand of the objective situation and is the consequence of the continuous deepening of people's understanding of the laws that govern socialist economic activities when they implement the principle of "regarding planned economy as the core and supplementing it with regulation by market mechanism."

Over 3 years of practice has proved that the implementation of guidance plans plays an important role in enlivening our economy. First, our enterprises have a certain amount of decisionmaking power in arranging their production plans. Under the preconditions of ensuring the fulfillment of the mandatory plans of the state, our enterprises are to undertake tasks from the market in accordance with the requirements of the guidance plans. At the same time, they are allowed to flexibly readjust their production plans in the light of the change in market situation in order to achieve better economic results. Second, guidance plans are formulated with the method of combining both the process from the top down and the process from the bottom up, namely, the enterprises report to the upper level their tentative ideas based on the contracts that they have already made and their market forecasts and then the responsible departments strike a comprehensive balance in the light of the supply of raw materials and energy and the demand of the whole society and thus formulate and issue the guidance plans. Therefore, these plans are generally formulated on a reliable basis and the products produced under these plans are marketable. According to the statistics of the Ministry of Machine-Building industry for 1982, the closing stock in store was 11.2 percent less than the opening stock, the funds employed in producing final products fell by 3 percent compared with the year before though the gross output value increased by 16 percent, and both the rate of sales and the rate of fulfilled contracts markedly increased. Third, because their products are put into market and the prices of certain products are allowed to vary within prescribed range, and as the customers are allowed the opportunity to buy products of fine quality, an element of competition has emerged between our enterprises and this urged them to improve the quality of their products, develop new

variety of products, and improve their service attitude. According to the statistics of the Sichuan Provincial Machine-Building Industrial Bureau, in the past, only 10 percent of the new products were developed by enterprises on their own initiative, but now 70 to 80 percent of new products have been developed by enterprises in accordance with the urgent demand of their customers. Moreover, the time needed for putting new products into the market has greatly shortened and more than 80 percent of the new products have been put into production and market within the year in which they were developed.

Here, we should point out that when we explain the significance and role of guidance plans, we should never inappropriately exaggerate them. Compared with mandatory plans, guidance plans are after all of secondary importance. The state first issues mandatory plans to arrange the major proportional relations in our national economy and the major projects and economic activities that are vital to the state's plans and the people's livelihood. Only after this can it formulate and issue guidance plans for a large variety of other products of secondary importance. Therefore, mandatory plans are fundamental and constitute a prerequisite while guidance plans must be subordinate to mandatory plans in their implementation. We must not regard these two kinds of plans as being equal nor can we substitute guidance plans for mandatory plans.

At present, the major problems in the implementation of our guidance plans are as follows: 1. It is sometimes not easy to distinguish between mandatory and guidance plans and some of our guidance plans ought to be mandatory plans. 2. Our government administrative departments are still not good at applying various means (particularly economic means) to guide the economic activities of the enterprises. 3. Our enterprises lack knowledgeable and talented people to carry out market surveys and forecasting and make management policy decisions. All these are new problems to solve in satisfactorily grasping and applying guidance plans.

#### On the Regulation by Market Mechanism

For various kinds of small commodities with low output value large variety and which are local and seasonal in nature, the state does not formulate any plans but lets the enterprises flexibly arrange their production independently in the light of the change in supply and demand in our market, thus allowing the law of value to play its role. At the same time, the state strengthens its management through its policies, decrees, and industrial and commercial administrative work. This kind of regulation by market mechanism under the guidance of the state plans is a supplement to planned production and is a constituent part of the socialist unified market.

In our heavy industrial sector which mainly produces means of production, this kind of small commodity production which is solely regulated by market mechanism accounts for a very small percentage. In the sector under the Ministry of Machine-Building industry, 22 kinds of products including files, handsaw blades, pliers for wiring electric wires by pressure, electric toothbrushes and electric shavers, are classified as products regulated by market mechanism that

our enterprises can produce, fix the prices of, and market independently. The output value of these products are, at the most, tens of millions of yuan. This is a negligible amount in the 40 billion yuan of output value of the 20,000 to 30,000 kinds of products produced in this sector.

This raises a question [words indistinct] and discussing: How should we correctly understand the supplementary function of market mechanism since such a small quantity of products is regulated by market mechanism?

At present, people generally think that the supplementary function of the regulation by market mechanism is only limited to the small sphere where the law of value plays its role spontaneously. Thus they do not take into account the function of market mechanism that people consciously apply. This naturally gives rise to a kind of misunderstanding, namely, it seems that the "regulation of market mechanism" is insignificant and negligible. As a result, in our practical work, we have a tendency to neglect the function of market and law of value. This is detrimental to the correct implementation of the principle of "regarding planned economy as the core and supplementing it with regulation by market mechanism."

I am of the opinion that we must distinguish the market regulated products from the function of the regulation by market mechanism. In the sector of machine-building industry, the products which are regulated by market mechanism constitute a minority, but the function of the regulation by market mechanism goes far beyond the scope of products regulated by market mechanism and permeates extensively into the activities of commodity production and exchange. This permeation only differs in degree and in external form. In the products which are regulated by market mechanism, the function of regulation by market mechanism is spontaneously manifested through the free fluctuating of prices; and particularly in our guidance plans, regulation is manifested through people's conscious application of market mechanism levers. In essence, supplementing planned economy by the regulation of market mechanism is precisely aimed at utilizing the function of law of value (including the spontaneous function of law of value and people's conscious application of the function of law of value) to supplement the regulation of plans and to make this law serve the planned and proportionate development of our socialist economy.

At present, people are a little afraid of talking about the supplementary function of "regulation by market mechanism." It seems to them that by regarding the regulation by market mechanism as a "supplement," we mean a negation of regarding "planned economy as the core." This is an unnecessary fear. If we conscientiously observe the reality in our economic activities, we can see that in the organic whole of our socialist economy, the "core" and "supplement" are always intermingled and interact, and will jointly play their roles. All of these three forms of planning management, reflect the joint function of regarding "planned economy as the core and supplementing it with regulation by market mechanism." Dividing them up absolutely and

even regarding them as being antagonistic to each other, does not accord with the practical situation. We should like to ask whether the planned economy does not play its role as the core when the market mechanism is regulating the production of small commodities under the independent arrangement of our enterprises. Obviously, this is not the case. The number of products that are allowed to be regulated by market mechanism is first fixed by the state plans, and even if the products are regulated by market mechanism, their production is still restricted by the state plans, laws, and decrees and overseen by the administrative department of industry and commerce. Again from the viewpoint of our mandatory plans and guidance plans, "the supplementary function of regulation of market mechanism" is indispensable for them. There were quite a lot of such phenomena in the past: In the implementation of our mandatory plans, we have failed to restrict the production of some products that must be restricted or to increase the production of some products which should be increased. An important cause for this kind of phenomenon, is precisely because we overlooked the function of the law of value.

Understanding the supplementary function of regulation of market mechanism in this way not only will not negate or weaken the major role of the planned economy, but will also help us study and analyze more deeply our country's practical economic situation and become more skilled in consciously applying the law of value and will reduce as much as possible some spontaneously blind functions of the law of value in order to make it serve the planned economy better.

CSO: 4006/521

TAIWAN

#### ECONOMIC MISSION ATTENDS BELGIAN MEETING

OW090329 Taipei CNA in English 0238 GMT 9 May 84

[Text] Brussels, 8 May (CNA)--A half-day annual meeting of the Chinese-Belgian Economic Cooperation Committee was held Tuesday morning at Fabrimetal, a leading Belgian industrial federation, in Brussels.

The 23-member delegation from the Republic of China, composed of executives of state-run enterprises and businessmen, and the 45-member delegation from Belgium's industrial and banking circles attended the meeting.

The meeting, the fourth of its kind since 1981, provides an opportunity to business leaders of the two countries to exchange views on economic and trade cooperation.

A joint statement was signed by Paul Lejour, acting chairman of the Belgian-Chinese Economic Cooperation Committee, and M. H. King, chairman of Chinese (ROC)-Belgian Economic Cooperation Committee and leader of the ROC mission, for further cooperation of the two parties.

The Belgian side raised the subject of the imbalance of trade between the two countries and expressed interest in the ROC's nuclear power project, steel industry, fertilizer and petrochemical projects, and food processing industry.

Both parties also recognized in the joint statement that the meeting has a great contribution to the mutual understanding and cooperation and to a better knowledge of each others situation and aspirations in the international community.

At the gathering, all participants also paid tribute to the memory of the first chairman of Belgian-Chinese Cooperation Committee, Herve Godfroid, who died a few weeks ago.

The ROC's delegation arrived in Brussels Monday. Before their departure for the Hague on 12 May, members of the mission will meet with their Belgian counterparts and visit leading Belgian industrial companies. It will attend a Chinese-Dutch Economic Cooperation Conference in the Hague 14-15 April.

TAIWAN

BRIEFS

BANK BRANCH IN LONDON--London, 26 April (CNA)--The First Commercial Bank of the Republic of China [ROC] formally opened its London branch 26 April in London's financial district. It is the first bank from the Republic of China to operate in Britain, possibly in Europe, since 1949 when the ROC Government moved to Taiwan. The First Commerical Bank has maintained a representative office in London since 1981 until it obtained the approval from the British authorities to open [the] branch Thursday. It has also maintained a representative office in Frankfurt, West Germany. As the trade volume between the ROC and Britain is growing rapidly, the bank expects its business will continue to expand. [Text] [OW030629 Taipei CNA in English 0342 GMT 27 Apr 84]

SCIENTIFIC TIES WITH ASUTRIA--Taipei, 8 May (CNA)--Economics Minister Chao Yau-tung said Monday that the increasing technical and scientific cooperation between Austria and the Republic of China will be beneficial to both countries because Taiwan can serve as a base for receiving advanced technologies from European countries while European countries can also use the experience of cooperation with this country to expand their markets in Southeast Asia. Chao made the statement in the Austrian Construction Engineering Seminar currently being held at the Taipei Hilton. Chao, in his address to the participants, said that this country is willing to learn advanced technologies and experiences from Austria which has had outstanding achievements in the past to help upgrade the nation's industrial structure. Chao said he hopes that the contacts between the two countries can lead to more cooperation in the future. The Austrian Construction Engineering Seminar is sponsored by the Austrian Federal Economic Institute. More than 5,000 of this nation's engineers and scientists as well as others from abroad attended the seminar to discuss 32 projects centered on construction engineering. [Text] [OW080359 Taipei CNA in English 0317 GMT 8 May 84]

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